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UN Sources: DPRK Meets Conditions for U.S. Talks

OW2106101294 Tokyo KYODO in English 1002 GMT 21 Jun 94

[Text] New York, June 21 KYODO—North Korea has fulfilled conditions for a resumption of high-level talks with the United States by not diverting spent nuclear fuel to military purposes, according to U.N. diplomatic sources familiar with Washington-Pyongyang negotiations.

The sources said late Monday Pyongyang's First Vice Foreign Minister Kang Sok-chu said in a June 3 statement that North Korea will not divert to military use any radioactive material from fuel rods withdrawn recently from an experimental nuclear reactor.

In the statement, Kang asserted it is still possible to test the spent fuel rods to ensure that no plutonium has been diverted to military purposes.

Kang urged the U.S. to resume talks with Pyongyang in order to reach a package solution to the nuclear issue but also said economic sanctions would be regarded as a "declaration of war."

During refueling operations of the research reactor in the Yongbyon nuclear complex some 90 kilometers north of Pyongyang last month, North Korea rejected demands by International Atomic Energy Agency (IAEA) inspectors that they be allowed to take samples from the 8,000 rods being withdrawn.

North Korean officials said it was setting aside 40 rods for testing later by the IAEA inspectors, but the Vienna-based U.N. monitoring agency rejected the offer as insufficient to ensure the continuity of the safeguards agreement.

The U.S. and other Western nations suspect that Pyongyang may be attempting to build an atomic weapons arsenal and are threatening U.N. sanctions if it continues to reject IAEA demands for checks.

Pyongyang insists that its nuclear program is for peaceful purposes, but its intransigence over the inspections has fueled suspicions it may be trying to conceal a weapons development program.

Washington is offering to resume high-level talks with Pyongyang but wants to see a freeze on the suspected North Korean nuclear program.

This would include allowing two IAEA inspectors to remain in North Korea, no reprocessing of the discharged fuel rods and no reloading of the Yongbyon reactor.

Kang suggested in the June 3 statement that when a comprehensive resolution to the issue is reached with the U.S., North Korea would allow regular and special IAEA inspections of its nuclear facilities, return to the nuclear Nonproliferation Treaty and change to the safer light-water type of nuclear reactor.

G-7 'Sherpas' Hold Summit Preparatory Talks

OW2006135294 Tokyo KYODO in English 1327 GMT 20 Jun 94

[Text] Tokyo, June 20 KYODO—Japan was urged by other Group of Seven (G-7) industrial powers over the weekend to boost its domestic demand, Japanese Government sources said Monday [20 June].

The prompting came at a gathering of personal representatives, called sherpas, of top G-7 leaders, held in Naples for three days from Friday, the sources said.

The meeting aimed to lay the groundwork for the Naples summit of G-7 nations on July 8-10.

The United States and other countries urged that Japan be mentioned by name in an economic declaration to be adopted at the Naples summit as a country which needs to take strong fiscal and monetary measures to increase domestic demand, the sources said.

During the preparatory talks, the participants agreed on the need to press ahead on the reform of labor markets to ensure the creation of job opportunities, the sources said.

In this connection, the U.S. and some European countries suggested that region-by-region macroeconomic steps be taken to promote employment, they said.

Japanese representatives balked at the demand but these countries maintained their tough stance toward Japan, according to the sources.

The Naples summit brings together top leaders of Britain, Canada, France, Germany, Italy, Japan and the United States.

Parliamentarians on Regional Technology Cooperation

OW1706081894 Tokyo KYODO in English 0730 GMT 17 Jun 94

[Text] Tokyo, June 17 KYODO—Countries in the Asia-Pacific region must cooperate in the exchange of technology if they are to raise their living standards, a meeting of parliamentarians from countries in the region said Friday [17 June].

The 108 legislators from 35 countries at the Asia-Pacific Inter-Parliamentary Union (IPU) conference on "science and technology for regional sustainable development" made the call in a document unanimously adopted at the end of their five-day meeting in a Tokyo hotel.

The document, titled "Inventing the Future: Science and Technology for Sustainable Development," said the parliamentarians "viewed human capital as the most valuable resource a country can possess for its advancement."

But the document said the Asia-Pacific region contains the majority of the world's population below the poverty line and this can only be altered if countries in the region cooperate in the formation of scientific and technological partnerships aimed at regional sustainable growth.

"It is clearly recognized that there are important linkages between poverty, population growth and pressures on the environment," the document said.

"Poverty is indeed one of the great sources of environmental degradation.

"Any practical strategy for sustainable development demands that basic needs of the population be met as a matter of the highest priority."

The document said strategies to improve living standards should include expanding connections among business, industry and universities, and more emphasis on science and technology in government decision-making, particularly in new technologies like biotechnology, information sciences and bioenergy.

It also recommended greater involvement of women in scientific and technological activity.

Outlining the contents of the document at a press conference after the meeting, Goku Menon, head of the Indian delegation to the conference, said it focused on the uses of science and technology in meeting the basic needs of people in the region.

He said the conference was an example of the growth of regional ties which will lead to greater scientific and technological cooperation at the expense of "narrow nationalism" in the region.

Australian Official Reviews Planned Aid to Region

BK2106071094 Bangkok THE NATION in English 21 Jun 94 p A8

[Text] Australia aims to be the region's leading supporter of women's development programmes in anticipation of the UN Conference on Women in Beijing this September and the World Summit for Social Development in March 1995, an Australian official told THE NATION.

Priorities for this year's overseas assistance are boosting cooperation with non-governmental organization (NGOs) and enhancing small programmes that are of mutual benefit to countries involved, said Ellen Shipley, a counsellor in the Technical and Economic Cooperation Section of the Australian Embassy in Bangkok.

Australia's overseas aid programme has come under attack from its own NGOs for being too aligned with Australia's commercial interests at the expense of helping the poor abroad.

According to an embassy press statement, half of the A$ [Australian dollars] 1.4 billion in overseas aid earmarked in the Australian International Development Assistance Bureau (AIDAB) 1994- 1995 budget will go to 13 countries in Southeast Asia and the Indian subcontinent.

Shipley said Australia wants to cooperate better in this area because "we're located in this region—we want to be a complete partner in this region."

She was attending a workshop here along with 30 development project officers from Australian embassies in 13 countries, from Vietnam to Pakistan. The training session was the second held in the past 18 months, giving participants—a number of them locally hired—a chance to exchange views and learn about policy development.

Australian Prime Minister Paul Keating recently pledged A$350 million over the next four years to Cambodia, Laos and Vietnam.

Hieng Sokchea, Senior Administrative Clerk in the Development Cooperation Unit of Australia's Phnom Penh Embassy, said the four sectors he's pinpointed were education, agriculture, health and infrastructure. Australian aid to Cambodia doubled to A$92 million in the 1994-95 fiscal budget.

Sokchea said more than 15 bridges, costing an estimated A$10 million, will be built along Road 5 from Phnom Penh to Battambang.

For Laos, A$48 million was promised over the next four years. One-third will go to training and human development programmes, while one-fifth is for infrastructure projects.

Vietnam's aid was doubled to A$140 million, making it the third top overseas recipient after Papua New Guinea and Indonesia.

For Thailand, Shipley said one third of the Bt [baht] 500 million assistance pledged is geared toward educational programmes and, although there is a focus on rural programmes, Canberra is "looking at bigger infrastructure programmes".

Shipley pointed out that one of Thailand's most crucial problems is income disparity, so her country is supporting a new programme on small local NGOs that will have an impact on income generation.

Japan

Trade Talks With U.S. Around 5 Jul Considered

OW2106135394 Tokyo KYODO in English 1347 GMT 21 Jun 94

[Text] Tokyo, June 21 KYODO—Japan is considering holding ministerial-level trade talks with the United States in Washington around July 5, a senior official of the Ministry of International Trade and Industry said Tuesday.

The talks are aimed at striking an accord on the three priority areas for the "framework" negotiations before the July 8-10 Naples summit of the Group of Seven (G-7) key industrial countries, the official said.

Foreign Minister Koji Kakizawa and International Trade and Industry Minister Eijiro Hata will likely visit the U.S. before flying to Italy for the annual summit, said the official who declined to be named.

The three framework trade priority sectors are insurance, government procurement, and trade in autos and auto parts.

The official said the two countries will hold subcabinet-level talks on auto and auto parts trade in Washington in the first half of next week, aiming to reach consensus on "objective criteria" as a yardstick to assess the openness of the Japanese auto market.

The official said he is not certain about whether Tokyo and Washington will reach a complete agreement on auto trade before the Naples summit.

Japan will decide whether or not to postpone final settlements on auto trade beyond the summit at the end of next week by evaluating results of discussions at the planned subcabinet-level talks, the official said.

He said subcabinet-level talks will also be held in Washington next week on government procurement and insurance.

Kakizawa, Kantor Plan To Meet in U.S.

OW2106022294 Tokyo KYODO in English 0207 GMT 21 Jun 94

[Text] Tokyo, June 21 KYODO—Foreign Minister Koji Kakizawa said Tuesday he plans to visit the United States this weekend for bilateral trade "framework" talks with U.S. Trade Representative Mickey Kantor.

Kakizawa said he revealed his plan for the U.S. visit to Prime Minister Tsutomu Hata in a meeting after the regular cabinet session and Hata approved it.

But his U.S. visit depends on what happens in the Diet, Kakizawa told reporters.

Japan and U.S. officials have said they hope to reach an agreement in the talks on setting up a new bilateral trade framework before the Naples summit of the Group of Seven (G-7) industrialized nations in July. Hata and U.S. President Bill Clinton are scheduled to meet in Naples.

Kakizawa is tentatively scheduled to leave for the U.S. on Friday [24 June] evening and return to Tokyo on Monday.

The two sides are considering a West Coast city such as Los Angeles or San Francisco as the venue of the Kakizawa-Kantor meeting, government sources said.

Kantor has strongly requested a meeting with Kakizawa, the sources said.

Japan and the U.S. have also considered a meeting between Kakizawa and U.S. Secretary of State Warren Christopher, but gave up on that as it was too difficult to arrange, they said.

Tokyo, U.S. Eye Tourism To Cut Trade Deficit

OW2006144294 Tokyo KYODO in English 1429 GMT 20 Jun 94

[Text] Tokyo, June 20 KYODO—Japan and the United States will set up a forum to promote tourism between the two countries as one way to help correct the bilateral trade imbalance, the Ministry of Transport said Monday [20 June].

The program aims to double the total number of tourists to each country every year to about eight million people by the year 2000.

Officials said the ministry has agreed with the U.S. Commerce Department to set up the joint forum for the program and to hold the first meeting in the U.S. sometime in fall.

Some 3.5 million Japanese visit the U.S. every year at present, while 500,000 Americans come to Japan annually.

Japanese tourists pump about 10 billion dollars more into the U.S. economy per year than is generated in tourism-related spending in Japan by Americans.

If the number of tourists on each side was doubled and thus Japanese tourism spending in the U.S. double-folded, it would help put a dent in the huge trade imbalance which is currently in Japan's favor, the officials said.

The program is also expected to deepen people's understanding of one another's nation, they said.

Kobayashi Elected Head of Japan-U.S. Economic Council

OW2006113894 Tokyo KYODO in English 1123 GMT 20 Jun 94

[Text] Tokyo, June 20 KYODO—The Japan-U.S. Economic Council on Monday [20 June] formally elected Yotaro Kobayashi, chairman of Fuji Xerox Co., as the new council chief, council officials said Monday.

Kobayashi replaces Akio Morita, the former chairman of Sony Corp. who is currently undergoing medical treatment after suffering a cerebral hemorrhage late last year, the officials said.

The Council, which is made up of influential Japanese business leaders, is a preparatory organization for the annual Japan-U.S. business conference which holds debates on trade and economic problems between the two countries. The three-day conference will be held in Tokyo from July 10.

Kobayashi told a press conference after the meeting that the Council will create objective standards by which to gauge the progress of market-opening measures, and will jointly establish a working group for discussions on deregulation by both countries at the next conference.

Further Reports on Issues Related to DPRK

DPRK Extends Inspectors' Visas

OW2106033094 Tokyo KYODO in English 0314 GMT 21 Jun 94

[Text] Vienna, June 21 KYODO—North Korea has extended visas for the two inspectors of the International Atomic Energy Agency (IAEA) who remained at the nuclear complex in Yongbyon, IAEA sources said Monday.

The sources interpreted the visa extension shortly ahead of an expected meeting between U.S. and North Korean diplomats Tuesday as a conciliatory gesture from Pyongyang to set the tone for the talks.

The inspectors' visas, which would have expired at the end of this month, were extended for two weeks, they said.

North Korean President Kim Il-song promised former U.S. President Jimmy Carter during unofficial talks in Pyongyang last week he would allow the two officials to stay.

Commenting on Carter's trip, U.S. President Bill Clinton saw "hopeful signs" earlier Monday for an end to the standoff over North Korea's alleged nuclear weapons program.

Speaking in a live TV interview, Clinton said the U.S. will resume high-level talks with North Korea provided Pyongyang keeps its promise to freeze its controversial nuclear program.

Upon return from Pyongyang Carter declared Sunday that "I personally believe the crisis is over" and that Kim "wants to be sure" the crisis on the Korean peninsula is over.

North Korea in may started to remove the fuel rods in its 5-megawatt reactor in Yongbyon, some 90 kilometers north of Pyongyang, without the required agency supervision.

The U.N. nuclear watchdog pulled out its team in late May after negotiations with Pyongyang broke down over the inspectors' demand to be able to select, segregate and secure some 300 fuel rods for measurement needed to verify whether nuclear material had been diverted in the past.

In response to a request by the U.N. Security Council, the agency, however, retained two inspectors to report on the removal activities.

They have since been observing the fuel removal and were allowed to continue checks of surveillance cameras at Yongbyon facilities.

According to their report, reactor workers have meanwhile discharged all spent nuclear fuel rods, but have not yet started to load the reactor core with new ones.

Hata's Remark Clarified

OW2106053594 Tokyo NHK General Television Network in Japanese 0300 GMT 21 Jun 94

[Announcer-read report; from the "NHK News" program]

[Text] At today's meeting of the House of Councillors' Budget Committee, Prime Minister Tsutomu Hata explained his recent remark during a public speech on the street that he believed North Korea did not possess nuclear weapons. He said that was more an expression of his hope.

At the House of Councillors' Budget Committee today, Minao Hattori of the Liberal Democratic Party and others questioned Hata's remark during a wayside speech on 18 June that he believed North Korea did not actually possess nuclear arms and had no intention to produce them. They said this is in conflict with the government's official view so far.

In reply, Hata explained that since North Korea claims that it has neither the capability, nor the intention to manufacture nuclear arms, his remark was really an expression of his hope. He also said he regretted that his statement could lead to misunderstanding. He indicated the government's consensus on this matter is that North Korea may have produced more plutonium than it has declared, and it would be a serious matter if such plutonium is being used to manufacture nuclear weapons.

Conditional Economic Aid Offered

OW2106142794 Tokyo KYODO in English 1421 GMT 21 Jun 94

[Text] Tokyo, June 21 KYODO—Foreign Minister Koji Kakizawa on Tuesday reiterated a demand that Pyongyang provide information that would enable international monitors to verify whether North Korea had extracted plutonium from its nuclear facilities in the past.

Japan "would be able to extend a helping hand to North Korea if the history of the operations of its nuclear facilities were revealed to verify whether plutonium is clandestinely stockpiled," Kakizawa told a house of representative panel on cabinet affairs.

The foreign minister also expressed readiness to give economic aid, including funds to finance construction of light-water nuclear reactors, if Pyongyang is forthcoming in divulging data on the history of its nuclear reactors.

He also reiterated Japan's resolve to seek the deletion of an "enemy clause" from the U.N. Charter in the process of ongoing discussions on reforming the framework of the U.N. Security Council.

The charter has described Japan, Germany and other states defeated by the Allied Forces during World War II as enemy states—a description that has embarrassed these U.N. member states, now seeking to contribute to global peace.

LDP Official's 'Impression'

OW2106153394 Tokyo KYODO in English 1515 GMT 21 Jun 94

[Text] Tokyo, June 21 KYODO—A senior Liberal Democratic Party (LDP) official said Tuesday he got the impression that North Korea has nuclear weapons during his recent trip to Pyongyang.

"From the series of talks (with North Korean officials), I got an impression that the country possesses nuclear weapons," Yoichi Tani told a press conference.

Tani, along with former Defense Agency head Taku Yamasaki, visited North Korea last week and held talks with North Korean officials, including Korean Workers' Party Secretaries Kim Yong-son and Hwang Chang-yop.

Tani criticized recent remarks by Prime Minister Tsutomu Hata, who said he did not believe North Korea has atomic bombs. "I don't have the slightest idea why he said such a thing," Tani said.

Yamasaki, also at the press conference, said North Korea is now considering opening the door to its market after solving the nuclear issue diplomatically.

Toyota-Chinese Talks on Joint Car Production

OW2006115094 Tokyo KYODO in English 1127 GMT 20 Jun 94

[Text] Tokyo, June 20 KYODO—Toyota Motor Corp. has started talks with a major Chinese automaker on possible joint car production, Toyota officials said Monday [20 June].

Toyota sent two executives to China on Sunday for talks with Tianjin Automobile Industrial Corp., the officials said.

The two executives are Akira Takahashi, senior managing director for production technology, and Akira Yokoi, managing director for external affairs.

During their visit until Thursday, they will hold talks with Tianjin officials over the possibility of forming a joint venture, they said.

Moreover, the two Toyota officials will obtain information on China's policy on the participation of foreign capital in new passenger car manufacturing operations expected to be introduced in 1996.

Toyota's car production in China, if realized, is expected to encourage other Japanese and foreign automakers, industry analysts said.

Already, Ford Motor Co. of the United States and Mitsubishi Motors Corp. of Japan have declared their intent to move into the Chinese market.

Toyota has supplied state-owned Jinbei (Gold Cup) automotive in Shenyang with commercial-vehicle technology.

But it believes Tianjin Automobile Industrial would be the most appropriate production partner among China's eight car producers, since the company is expected to form the "core" of the Chinese auto industry in the future.

Tianjin has been turning out cars in a tie-up with Daihatsu Motor Co. of the Toyota group.

Chinese officials say China plans to create six or seven conglomerates by the year 2000, each capable of churning out 300,000 cars a year. These would be further reshuffled into three or four giants in the early decades of the next century.

Small Manufacturers Prefer China as Investment Site

OW2006143894 Tokyo KYODO in English 1407 GMT 20 Jun 94

[Text] Tokyo, June 20 KYODO—More than half of small Japanese manufacturers responding to a poll on their planned overseas investments see China as their first choice, a Tokyo Chamber of Commerce and Industry survey showed Monday [20 June].

The survey covered 2,300 small and midsize manufacturing members of the chamber. Of the total, 22.1 percent, or 509 firms, responded.

According to results of the survey and observations of industry analysts, Japan can expect further "hollowing out" of its industrial base in the coming years. The analysts noted that high domestic wages, coupled with an eroding international competitive power due to the yen's rise, are prompting smaller firms to set up shop in foreign countries.

Of the respondents, 24.2 percent said they have already set up wholly owned subsidiaries abroad or acquired an equity stake in overseas businesses.

The survey also found that 21.6 percent of the respondents plan to invest abroad. Of these, 91.8 percent said they intend to invest in Asian countries, with China ranking the highest in popularity, followed by Indonesia, Malaysia and Thailand.

Mitsubishi Discovers Oil Field Off SRV Coast

OW2006122794 Tokyo KYODO in English 1143 GMT 20 Jun 94

[Text] Tokyo, June 20 KYODO—Mitsubishi Oil Co. announced Monday [20 June] its subsidiary has discovered a potentially rich oil field off the southern coast of Vietnam.

The area, spanning 3,370 square kilometers, lies about 80 to 200 km southeast of Ho Chi Minh city near the Bach Ho oil field.

Japan Vietnam Petroleum Co. (JVPC) spudded the well in late April and started production tests from mid-June at a depth of more than 3,000 meters.

The company found that more than 10,000 barrels of light crude oil could be produced daily—the greatest production on a test basis in Southeast Asia.

The oil is seen as a high-quality, low-sulfur crude similar to that of the Bach Ho oil field which produces 130,000 barrels daily.

JVPC officials said they will hold discussions with the Vietnamese Government on further development of the area, which they believe could turn out a huge oil field. The company hopes to begin commercial production as early as the latter half of 1996.

Several oil companies are continuing exploration along the southern coast in the hope of tapping abundant oil fields.

New German Envoy Proposes Tokyo-EU Summit

OW2006124294 Tokyo KYODO in English 1218 GMT 20 Jun 94

[Text] Tokyo, June 20 KYODO—New German Ambassador to Japan Heinrich Dieckmann proposed on Monday [20 June] that Japan and the European Union hold a summit meeting after Germany's general elections in October, Japanese officials said.

The officials said Dieckmann made the proposal when he paid a courtesy call on Foreign Minister Koji Kakizawa at the ministry.

Germany will hold the post of the EU's rotating chair for six months from July.

Electoral Reform Bills Submitted to Upper House

OW2006140494 Tokyo KYODO in English 1348 GMT 20 Jun 94

[Text] Tokyo, June 20 KYODO—Five political forces in the House of Councillors Monday [20 June] submitted a suprapartisan bill that would add four seats to each of four underrepresented constituencies while eliminating four seats from three overrepresented electorates, officials said.

The five parties and parliamentary groups that tabled the bill were the Liberal Democratic Party, the Social Democratic Party [Social Democratic Party of Japan], Komeito [Clean Government Party], the Shin Ryokufu Kai and the Niin Club. The Shin Ryokufu Kai groups Shinseito, the Japan New Party, the Democratic Socialist Party and the Democratic Reform Party.

The parties plan to push the bill through the upper chamber's ad hoc panel on political reform Tuesday and obtain approval from the upper chamber's plenary session on Wednesday, the officials said.

The bill, if legislated, would assuage the current imbalance in voter representation in upper house constituencies by obligating legislators to contest the next upper house election, slated for the summer of 1995, under the revised appropriation of seats, the officials said.

The bill envisages increasing by one the number of seats in each of four underrepresented prefectures of Miyazaki, Saitama, Kanagawa and Gifu, while taking away two seats from the prefecture of Hokkaido and one seat each from the prefectures of Hyogo and Fukuoka, they said.

The bill would also soften a legal requirement under which a party or parliamentary group is empowered to field candidates in the nationwide constituency of proportional representation.

Under the bill, all political parties or parliamentary groups that garnered more than 2 percent of total valid votes cast nationwide in the most recent national election would be eligible to field candidates under the proportional representation formula, they said.

Currently, a political party or parliamentary group must garner 4 percent of such votes to qualify.

Hata Renews Call for Election Under New System

OW2106140594 Tokyo KYODO in English 1352 GMT 21 Jun 94

[Text] Tokyo, June 21 KYODO—Prime Minister Tsutomu Hata on Tuesday renewed a call for contesting the next general election for the House of Representatives under a new electoral system constructed after years of political reform efforts.

"The last resort the premier can use when facing off with parliament is the right to dissolve (the lower house) and I won't throw this away," Hata said in a television interview.

But Hata, who has governed with minority support since late April, said the public will be disillusioned if the next general poll is contested under the current multiseat system and the nation's years of political reform efforts are foiled.

An election under the existing system, which is soon to be replaced by a new system combining single-seat constituencies with proportional representation, "is not unimaginable," the premier said. "(But) the next election should be contested under the system of single-seat voting districts combined with proportional representation," Hata said.

Although the Diet legislated in January a package of electoral reform bills for the lower house, the additional passage of a yet- to-be-formulated bill that redraws the electoral map is required to allow the next election to be lawfully contested under the new system.

The primary opposition Liberal Democratic Party (LDP), is poised to file a no-confidence motion against the Hata cabinet after the long-overdue fiscal 1994 national budget clears the Diet on Thursday. The Social Democratic Party (SDP), a former member of the ruling coalition and now the second largest opposition force, has also threatened to bring down the Hata government in a no-confidence vote.

The premier said he will continue efforts to bring the SDP back into the fold, because in the last government of Prime Minister Morihiro Hosokawa, the SDP and other coalition partners, including Hata's Shinseito [Japan Renewal Party], managed to resolve differences over a host of key policy issues.

Hata also said he will welcome those who break away from the LDP and join forces with the coalition if they are determined to push for national reforms.

On the economic front, the premier spoke of the need to increase indirect taxes so as not only to continue large-scale income and residential tax cuts in 1995 and beyond but also to secure revenue for future national reform programs.

Hata expressed hope that the tension on the Korean peninsula will be defused after the United States and North Korea resume high-level talks on Pyongyang's alleged push for nuclear weapons.

Upper House Committee Passes Electoral Bills

OW2106135094 Tokyo KYODO in English 1340 GMT 21 Jun 94

[Text] Tokyo, June 21 KYODO—The House of Councilors' ad hoc committee on political reform on Tuesday [21 June] passed bills to modify the constituencies for upper house elections.

The bills, submitted jointly by the Liberal Democratic Party, the Social Democratic Party and three other groups, are designed to achieve a better balance in representation by adding one seat each in four constituencies, while slashing four seats from others.

There will be no change in the size of the second chamber at 252 seats.

The bills are scheduled to be sent to the House of Representatives after their expected passage Wednesday by the full upper house.

SDPJ To Urge Hata To Voluntarily Resign

OW2006134794 Tokyo KYODO in English 1337 GMT 20 Jun 94

[Text] Tokyo, June 20 KYODO—The leadership of the Social Democratic Party (SDP) [Social Democratic Party of Japan—SDPJ] decided Monday [20 June] night to seek a summit meeting with Prime Minister Tsutomu Hata as early as Wednesday to request his voluntary resignation, SDP officials said.

They said SDP Chairman Tomiichi Murayama and senior SDP officials also decided to draw up a blueprint of a new government, of which the nation's second-largest political party would be part.

Earlier in the day, Murayama said his party will seek a temporary alliance with the largest opposition Liberal Democratic Party (LDP) to call for a snap poll if planned realliance talks with the ruling coalition fail.

Murayama told a meeting of the party's former Diet members that the SDP should join hands with the LDP to create a temporary cabinet if talks with the minority coalition of Prime Minister Tsutomu Hata break down and, consequently, Hata is forced to resign after a no-confidence vote.

The LDP, ousted last year after 38 years in power, has pledged to submit a no-confidence motion against the shaky Hata cabinet after the budget bills pass the Diet, expected within a week.

If the SDP supports the LDP move, that will clinch the no-confidence vote, leaving Hata with a choice of resigning with his ministers or dissolving the House of Representatives for snap elections.

Hata has made clear that he will step down if a no-confidence vote passes the lower house.

LDP To Formalize Hata No-Confidence Motion

OW2106120594 Tokyo KYODO in English 1139 GMT 21 Jun 94

[Text] Tokyo, June 21 KYODO—The largest opposition Liberal Democratic Party (LDP) agreed Tuesday night to take a formal decision Wednesday on the submission of a no-confidence motion against the coalition government of Prime Minister Tsutomu Hata, party officials said.

Under the accord reached by LDP head Yohei Kono and other leaders, the party will hold a series of leadership meetings to authorize the motion, which it hopes will be joined by the second largest opposition Social Democratic Party (SDP).

The accord came amid a flurry of strategic talks held separately by the SDP, which quit the governing alliance in April, and coalition parties seeking to lure the SDP back into the fold.

SDPJ Not To Seek Motion Pending Talks

OW2106141094 Tokyo KYODO in English 1348 GMT 21 Jun 94

[Text] Tokyo, June 21 KYODO—The chairman of the second largest opposition Social Democratic Party (SDP) [of Japan, SDJP] said Tuesday his party will not submit a no-confidence motion against Prime Minister Tsutomu Hata's minority government pending talks on the SDP's possible return to the ruling coalition.

Tomiichi Murayama said he will seek a meeting with Hata as soon as Wednesday to discuss the realliance issue. Murayama, who has demanded voluntary resignation by the Hata government, also said he will try to settle realliance and resignation talks simultaneously.

The SDP left the coalition in April and has threatened to join the largest opposition Liberal Democratic Party (LDP) in seeking a no-confidence vote if Hata refuses to step down together with his ministers.

Budget Committee To Summon Hosokawa on 21 Jun

OW2106011094 Tokyo KYODO in English 0054 GMT 21 Jun 94

[Text] Tokyo, June 21 KYODO—The House of Representatives Budget Committee is scheduled to summon former Prime Minister Morihiro Hosokawa on Tuesday [21 June] afternoon as a sworn witness over his alleged financial irregularities.

But leaders of the Japan New Party (JNP), headed by Hosokawa, said Hosokawa and coalition partners will not appear before the committee unless it votes again on the resolution to summon the former prime minister.

The JNP claims the committee's decision to summon Hosokawa is "invalid" because of improper parliamentary procedures.

Ichiro Ozawa, secretary general of Shinseito [Japan Renewal Party], reiterated at a press meeting Monday that Hosokawa does not have to testify in the Diet about his suspected financial deals. He also said the lower house Budget Committee's decision was invalid, violating parliamentary rules.

Secretaries general of the coalition parties will make a final decision at a meeting slated for Tuesday morning, parties sources said.

However Tsuruo Yamaguchi, chairman of the lower house Budget Committee, and opposition parties have rejected another call on the resolution to summon Hosokawa, saying that no improper procedure occurred in the decision.

At a session of the Budget Committee last Thursday, Yamaguchi declared that his panel unanimously approved a proposal to summon the former prime minister.

Observers said if Hosokawa fails to appear before the Diet committee, the opposition camp would intensify criticism against him for covering up suspicion over financial irregularities.

They added if Hosokawa rejects the Diet testimony, the Liberal Democratic Party and some members of the Social Democratic Party [Social Democratic Party of Japan] would add pressure to submit a no-confidence vote against the cabinet of Prime Minister Tsutomu Hata.

Refusing to give Diet testimony without a legitimate reason is punishable with a fine or imprisonment of up to one year by a two-thirds majority of committee members, according to Diet testimony law.

Hosokawa's questionable deals were partly responsible for his April 8 announcement of his resignation as prime minister.

Hosokawa's former financial secretary appeared before the budget panel Wednesday to say Hosokawa has indeed paid back a loan of 100 million yen borrowed in 1982 from the scandal-tainted Sagawa Kyubin trucking firm.

The secretary, Masatoshi Miyama, denied allegations that Hosokawa may not have paid back the 100 million yen loan and that it was received as a secret political donation.

Hosokawa Summons Ruled as 'Invalid'

OW2106040394 Tokyo KYODO in English 0339 GMT 21 Jun 94

[Text] Tokyo, June 21 KYODO—The ruling coalition parties decided Tuesday [21 June] to reject a summons on former Prime Minister Morihiro Hosokawa to the Diet to testify on his alleged financial irregularities, coalition sources said.

The House of Representatives Budget Committee was scheduled to summon Hosokawa as a sworn witness for proceedings beginning at 1 P.M.

The coalition camp will attend the committee to demand another vote on the resolution to summon the former prime minister, the sources said.

The coalition claimed the committee's decision to summon Hosokawa is "invalid" because of improper parliamentary procedures, they said.

Hosokawa will hold a news conference at 12:30 P.M. to explain the reason why he will not testify, they said.

Hata, Murayama To Discuss SDPJ's Return

OW2106154094 Tokyo KYODO in English 1513 GMT 21 Jun 94

[Text] Tokyo, June 21 KYODO—Prime Minister Tsutomu Hata's ruling coalition is headed for crucial reconciliation talks with the Social Democratic Party (SDP) [of Japan—SDPJ] which holds the key to the fate of his minority government.

SDP Chairman Tomiichi Murayama said he will call on Hata, hopefully Wednesday [22 June], to discuss the SDP's policy platform, adopted late Tuesday, and the party's possible return to the ruling coalition.

The SDP, the second largest opposition party, will not submit a no-confidence vote during the course of talks, whose outcome should determine the survival of Hata's two-month-old cabinet, Murayama said.

Meanwhile, the largest opposition Liberal Democratic Party (LDP) decided the same day to formalize the party policy of submitting a no-confidence motion against the Hata cabinet after the long-overdue fiscal 1994 budget clears the last Diet hurdle on Thursday.

With the opposition camp raising the ante through their political maneuvering, the ruling coalition extended its own overture to the SDP to rejoin their camp, officially proposing talks to the socialists.

The coalition is pinning hopes on its efforts to woo the SDP back into their group in order to defeat the LDP's planned no-confidence vote.

The SDP platform has been welcomed by both the ruling coalition and the LDP, which is seeking to create a stopgap cabinet with the SDP through early elections.

The SDP policy outline calls for making the policy-making process within the coalition more "democratic" and proposes a tax reform centered on raising indirect taxes.

The party stormed out of the ruling coalition in April in a row over a move by some coalition partners to create a new Diet bloc without the socialists, which the SDP viewed as an attempt to put them on the back-seat in policy making.

The outline also urges passage in the next Diet session of the bills for redrawing the electoral map for a new election system of single-seat constituencies combined with proportional representation for the House of Representatives, to replace the current multi-seat system.

Ruling coalition lawmakers immediately showed a readiness to embrace the SDP proposals.

"At first sight, there are no problems (with the platform)," said a top government official.

A senior official of Komeito [Clean Government Party], a key component of the coalition, concurred, saying, "the hurdles (for an agreement) are not high. The proposals show (the SDP) is seriously thinking about returning to the coalition."

The SDP's government blueprint also met a welcome from the LDP, which needs the socialists' support to pass the no-confidence vote.

"The contents (of the proposals) are nothing that we have to refuse at the negotiating table," a senior party policy maker said.

"No obstacles exist to our acceptance," another senior official said.

Even if the ruling coalition and the socialists agree to link up again, it remains unclear whether Hata will retain office due to disarray within the SDP.

SDP lawmakers who support Murayama called first for Hata's resignation, and a no-confidence motion if Hata should refuse the call.

On the other hand, SDP right-wingers led by Wataru Kubo, the party's secretary general, are placing top priority on a return to the ruling camp and are reluctant about demanding that Hata step down before the results of the realliance talks become clear.

SDPJ's Blueprint for New Coalition Government

OW2106075694 Tokyo KYODO in English 0647 GMT 21 Jun 94

[Text] Tokyo, June 21 KYODO—The leadership of the Social Democratic Party (SDP) [Social Democratic Party of Japan—SDPJ] on Tuesday drew up a blueprint of a new coalition government on the premise that the coalition government of Prime Minister Tsutomu Hata resign voluntarily.

The blueprint said a new government, in which the SDP hopes to take part, should have a basic philosophy of democracy, freedom, fairness and peace based on respect for the Constitution.

A third coalition government must establish trustworthy relations among the coalition parties, it said, indirectly criticizing the formation in late April of a parliamentary group by other coalition partners excluding the SDP.

The SDP withdrew from the coalition following the formation, forcing Hata to form the first minority government in 39 years.

Basic policies of a new coalition government should be agreement among parties on the coalition governments of Morihiro Hosokawa and Tsutomu Hata, it said.

As for tax system reform, the blueprint calls for abolition of the consumption tax and agrees to raise indirect tax to cope with the aging of society. It wants to enact bills for tax system reform by the end of the year.

The SDP urges the peaceful settlement of the North Korean nuclear issue by cooperating with the United States, South korea, China and Russia.

The plan also proposed setting up a council of Diet leaders and holding regular summit meetings of the parties to ensure transparency of decision-making procedures.

The SDP has said it will return to the ruling coalition if Hata and his cabinet ministers resign en masse voluntarily.

SDP Chairman Tomiichi Murayama said Monday his party will move to form a caretaker government with the largest opposition Liberal Democratic Party (LDP) to oversee a general election if talks with the coalition fail.

The LDP plans to submit a no-confidence motion against the Hata cabinet after passage of the state budget for fiscal 1994, expected Thursday. If a no-confidence vote is approved, Hata must either dissolve the House of Representatives for a snap general election or disband his cabinet en masse.

Panel To Issue Tax Reform Report 21 Jun

OW2006114894 Tokyo KYODO in English 1134 GMT 20 Jun 94

[Text] Tokyo, June 20 KYODO—A government tax panel will issue a report Tuesday [21 June] proposing multiyear tax cuts and an offsetting consumption tax hike as the pillar of Japan's promised sweeping tax reform, sources close to the panel said Monday.

Kan Kato, chairman of the tax commission, will hand the report over to Prime Minister Tsutomu Hata, leaving sufficient time for the government and the ruling coalition parties to detail the tax reform by the end of June and enact it into law by the year-end.

Japan promised the timetable in its March market-opening package.

But uncertainties are mounting politically, with the largest opposition Liberal Democratic Party preparing to launch a no-confidence motion against the minority coalition government.

Kato has said the report will not include specific figures but it will call for a net revenue surplus from the tax cuts and hike to secure funds for welfare spending toward the 21st century because of Japan's "graying" society.

But he also suggested the report will show clear reasons for continuing the 6.2 trillion yen in income and other tax cuts already implemented this year, and for hiking the 3 percent consumption tax to 7 to 10 percent in April 1997.

The report will call for revamping both income and consumption tax systems to improve fairness and will urge the government to push forward fiscal and administrative overhauls to win public support on the tax reform, the sources said.

No Rice Import Planned for 'This Year'

OW2106021394 Tokyo KYODO in English 0203 GMT 21 Jun 94

[Text] Tokyo, June 21 KYODO—Farm Minister Mutsuki Kato said TuesdayJapan's rice importation to make up for last year's poor domestic harvest will not reach the initially targeted level due to steady growth of the early crop.

Speaking at a press conference after a regular cabinet meeting, Kato said rice import contracts have been signed for a total of 2,545,000 tons so far and no more contracts will be concluded.

"We have secured the amount needed for (domestic) supply. And we have no import plans for this year," Kato said.

The Food Agency, which regulates rice production and distribution, was to import a total of some 2.66 million tons of rice to make up for the shortage caused by last year's poor harvest.

As for rice imports contracted so far, China was the biggest exporter with 1.07 million tons, followed by Thailand with 753,000 tons, the United States with 537,000 tons and Australia with 183,000 tons.

Of these, 2.21 million tons were for table use, while the remainder were for processed foods.

In a related development, the food agency said Tuesday that short-and medium-grain rice mainly imported from the U.S. And China totaled 1.7 million tons of the 2.41 million tons of nonglutinous rice contracted for import.

Of the 1.7 million tons, 700,000 tons had been sold to wholesalers by June 16, the agency said.

Long-grain rice imported from Thailand, which turned out to be unpopular with Japanese people, who usually eat short- and medium- grain rice, totaled 710,000 tons, of which 420,000 tons have been sold.

With the agency now providing mainly short-and medium-grain rice to wholesalers, agency officials said they expect a stockpile of some 100,000 to 200,000 tons of long-grain rice by the end of October.

Press Reports Indicate Economic Recovery

BOJ's Monthly Report

OW2106104894 Tokyo KYODO in English 1022 GMT 21 Jun 94

[Text] Tokyo, June 21 KYODO—Japan's economy has stopped weakening and is headed for recovery on the back of gradual recovery in personal consumption, the Bank of Japan (BOJ) said Tuesday [21 June] in a monthly report on monetary and economic trends.

Among factors behind the central bank's views were strong investment in the housing and public sectors, bottoming out of industrial production and steady progress in inventory adjustment, as well as recovering personal consumption, the report said.

The report, however, noted corporate capital spending continues to decline in the manufacturing sector as a whole, while that in the nonmanufacturing sector remains stagnant.

In the labor market, growth in the number of employees continues to slow due to limited recruitment of new graduates, though the ratio of job offers to job applicants has stopped decreasing, the report said.

As to the nation's gross domestic product (GDP) data for the January-March quarter, just released by the Economic Planning Agency, Kagehide Kaku, research and statistics director at the central bank, told reporters the figures are within expectations and in line with the bank's judgments.

Asked about the possible impact of the yen's recent strengthening against the dollar on a burgeoning economic recovery, Kaku only said, "we are paying significant attention" to the yen's appreciation.

In this regard, Kaku reiterated the bank's view that the economy seems to have taken one step forward toward recovery, but ups and downs are expected amid remaining risks such as the yen's resurgence.

Businesses Surveyed

OW2106095794 Tokyo KYODO in English 0932 GMT 21 Jun 94

[Text] Tokyo, June 21 KYODO—Japanese companies continued to regain their business confidence in the April-June period by comparison with the preceding quarter, according to results of a survey released by the Finance Ministry on Tuesday [21 June].

The business survey index (BSI) stood at minus 7.7 among major corporations, based on research conducted in May. The figure marks a 4.7 point improvement from the previous survey and the second quarter in a row that the sentiment has picked up.

The index is the difference of between the percentages of those saying conditions have improved and those claiming it has not.

A Finance Ministry official said he expects further improvement in the future.

The survey found that business confidence among small and medium-sized companies is also growing.

Major companies' expectations for the July-September period yield a positive index of 0.2, while those of medium-sized firms give a positive index of 1.9 for the final quarter this year.

Companies expected an average 1.7 percent increase of sales in fiscal 1994 and a 16.0 percent rise of pretax profit.

The survey also showed the labor surplus easing for the first time since February 1991.

The research covered 10,816 companies capitalized at 10 million yen or more, excluding financial institutions and insurance concerns. Valid responses were received from 9,187 firms.

GDP, GNP Growing Steadily

OW2106080394 Tokyo KYODO in English 0705 GMT 21 Jun 94

[Text] Tokyo, June 21 KYODO—Japan's economy grew a real 1.0 percent in the first quarter this year from the last three months of 1993, or at an annual rate of 3.9 percent, the Economic Planning Agency said in a preliminary report Tuesday.

Domestic demand accounted for 0.8 percent of the inflation- adjusted growth of the gross domestic product (GDP), while external demand contributed 0.2 percent.

Consumer spending gained 1.4 percent in the first three months of this year, while corporate plant and equipment investment declined 1.0 percent.

The real gross national product (GNP) in the same quarter expanded by 0.8 percent from the preceding three months, or an annualized 3.3 percent.

GDP and GNP are the total output of goods and services, with GDP excluding net income from overseas.

Meanwhile, Japan's GDP in fiscal 1993 that ended March 31 remained unchanged from the previous year in real terms, while the real GNP decreased 0.1 percent.

Of the 1.0 percent growth for the first quarter, domestic demand accounted for 0.8 percent, while external demand contributed 0.2 percent.

The GDP sank 0.7 percent in the fourth quarter of 1993.

Consumption further gained 1.4 percent, compared with a 0.7 percent rise in the previous quarter, while plant and equipment spending declined 1.0 percent but improved from a negative 3.8 percent in the October-December period.

Active government spending in line with pump-priming packages helped consolidate the upward move, the EPA [Economic Planning Agency] said.

The real gross national product (GNP) in the first quarter rose an annualized 3.3 percent. Of the data representing the total output of goods and services, GDP excludes income from overseas.

For fiscal 1993, figures released simultaneously showed that the GDP growth remained flat, or only fractionally on the plus side of 0.03 percent.

The 0.0 percent performance was the weakest since the negative performance of 0.03 percent posted in fiscal 1974.

On a GNP basis, the fiscal 1993 economy shrank 0.1 percent.

Returning to the GDP, the government said that as a result of the fiscal 1993 showing, the current fiscal year will technicallly see a 0.4 percent growth even if all the quarters post zero expansion.

It said, however, an average 0.77 percent, or an annualized 3.12 percent, growth is necessary in each quarter in the current fiscal year to accomplish the official forecast of a 2.4 percent expansion.

Private economists agree with optimistic remarks by the EPA's Tanaka, saying it looks like Japan is beginning to prepare for a major recovery.

"I think the fiscal year-end factor and a reaction to the contraction in the fourth quarter of 1993 combined to boost the figure for the January-March quarter," said Atsushi Miyawaki, a senior economist at Japan Research Institute.

"But generally speaking, Japan appears on the verge of an upward swing," he added.

Bank of Tokyo analyst Yozo Nishimura said conditions have considerably improved and that a substantial revival can be expected in fiscal 1995 after a gradual recovery in the current fiscal year.

But Miyawaki said there is still a possibility of negative growth in the April-June period in reaction to the healthy first-quarter performance.

Personal income remains sluggish, he noted, and the major focus will be whether the effects of the summer income tax cuts will persist in the following months.

Nishimura was a bit more optimistic and expected flat growth as the worst case for the April-June period.

"The risk factor is the effect of the appreciation of the yen against the dollar, which could throw cold water on buoyant export activities," he said.

Economists estimate Japanese exporters have their boom-or-bust rate set at 105 yen to the dollar.

Bright Signs in Corporate Earnings

OW1706083894 Tokyo KYODO in English 0819 GMT 17 Jun 94

[Text] Tokyo, June 17 KYODO—Japanese corporate earnings showed bright signs in the January-March quarter with sales rebounding and profits and capital investment slowing their declines, the Finance Ministry reported Friday [17 June].

A ministry official, briefing reporters, said the quarterly business survey indicated "signs of a gradually recovering economy."

The survey covered 23,053 companies capitalized at 10 million yen and more, and excluding financial institutions and insurance companies. The number of respondents came to 19,366 companies, or 84.0 percent.

Combined pretax profits for the quarter fell 5.8 percent from the previous year posting the 15th consecutive decline, but the yearly decline slowed from the October-December quarter's 6.2 percent and the July-September period's 21.6 percent, the report said.

Sales rose 0.8 percent after falling for seven quarters in a row as sales of non-manufacturers rose 3.0 percent after declining for six straight quarters.

Capital investment shrank 11.7 percent for the ninth straight decline, but the rate of decline slowed from the previous quarter's 16.8 percent and the July-September period's 15.8 percent.

In reflection of improving earnings, the officials noted progress in inventory adjustments as capital stocks at manufacturers rose a scant 0.8 percent compared with a 2.8 percent gain in the previous quarter.

The official said, "recovering domestic demand is apparently starting to contribute to corporate earnings."

Manufacturers saw their pretax profits fall 12.2 percent on 4.4 percent lower sales, improving from the previous quarter's 16.5 percent drop in profits and 4.5 percent decline in sales.

The official said the improvements reflected their cost-cutting and other restructuring efforts.

For non-manufacturers, pretax profits fell back 1.9 percent from a 3.9 percent rise in the previous quarter, despite the rebound in sales.

The official attributed the profit decline to falling prices at the wholesale level amid a discount trend among consumers. But he said the trend was yet not evident at the retail level.

On an industry basis, pretax profits jumped 108.3 percent among food makers, reflecting improved consumption, and 8.9 percent among petroleum product makers thanks to lower crude oil prices on the higher yen.

Electric machinery and equipment makers enjoyed a 13.3 percent rise on buoyant demand for semiconductor devices at home and abroad and for household appliances from continued strong housing investment.

Also buoyed by housing spending, construction firms saw a 4.4 percent rise in their pretax profits, and real estate firms were 4 billion yen in the black from the previous quarter's pretax losses of 133.1 billion yen.

Steel Makers suffered 123.8 percent lower profits, and wholesalers and retailers faced a combined decline of 16.7 percent.

Capital investment by manufacturers fell 20.6 percent, almost unchanged from the previous month's 20.0 percent drop, and that by non-manufacturers improved to a 7.4 percent decline compared with the previous decline of 15.2 percent.

The official said bright signs were seen among manufacturers, with a 2.2 percent rise in capital investment by electric machinery and equipment makers after eight consecutive quarters of decline.

Money Supply Up

OW1706103894 Tokyo KYODO in English 1014 GMT 17 Jun 94

[Text] Tokyo, June 17 KYODO—Japan's benchmark money supply grew 1.7 percent in May from a year before, slowing down from a 2.2 percent rise in April, the Bank of japan said Friday [17 June].

That brought the widely watched measure of money supply—cash in circulation, time and demand deposits, plus certificates of deposit (CDs)—to 518.0 trillion yen, the central bank said in a preliminary report.

The broad measure of liquidity, including postal savings, government debts and investment trusts, rose 3.2 percent from a year before, compared with the 3.3 percent rise in April, the report said.

The lower key money supply growth in May was a reaction to the jump from a 0.5 percent year-to-year rise in April last year to a 1.5 percent yearly gain in May 1993, which was due to sluggish tax collection under the economic slowdown, said Kengo Inoue, research and statistics deputy director at the central bank.

The basic trend of slow growth in money supply remained unchanged in May and will continue in June, Inoue told reporters.

No factors have emerged that would revise largely either upward or downward the central bank's forecast for the April-June quarter of the 1 percent level growth from year earlier levels, he said.

Within the money supply figures, time and savings deposits rose 1.1 percent in May from a year before, compared with the 1.2 percent gain in April.

CDs fell for the fifth straight month, declining 18.2 percent from a year before after the 8.8 percent yearly fall in April.

Inoue attributed the expanding fall in CDs mainly to fewer issuances by financial institutions as their reserve positions have improved.

The 18.2 percent year-to-year decline was the biggest since March 1992, when CDs dropped 19.0 percent from a year earlier, he said.

North Korea

Kim Il-song 'Hopes To Hold' Mid-Aug Summit

OW2106055194 Tokyo KYODO in English 0531 GMT 21 Jun 94

[Text] Beijing, June 21 KYODO—North Korean President Kim Il-song said he hopes to hold a summit meeting with South Korean President Kim Yong-sam in North Korea in mid-August, the widow of former Japanese Prime Minister Takeo Miki said Tuesday.

Mutsuko Miki made the remarks to reporters at Beijing Airport after visiting North Korea. She met the North Korean leader Sunday.

U.S.-ROK-Japan 'Strike Group' Denounced

SK2106023694 Pyongyang Korean Central Broadcasting Network in Korean 1220 GMT 20 Jun 94

[Commentary by Yun Pyong-son: "Expanding Military Pressure"]

[Text] Dangerous military moves aggravating the situation on the Korean peninsula are being witnessed continually. According to a report, a strike group of the United States, Japan, and South Korea has been organized in the process of the Rimpac-94 joint military exercise conducted off Hawaii. The report says that the strike group is composed of the combat ships and planes of the United States, Japan, and South Korea, with the aircraft carriers Independence and Constellation forming the basis of it, its mission being the battle against a hypothetical enemy.

As has been reported, they raved, even before the Rimpac-94 joint military exercise began, that the exercise would serve as a message to North Korea. Moreover, it is a public fact that the United States, Japan, and South Korea became even stronger allies during the exercise. In view of this, the hypothetical enemy they designated is undoubtedly our Republic. This shows that the strike group has been organized for the purpose of a preemptive attack on our country, thus clearly showing how frenziedly the U.S. imperialists, the Japanese reactionaries, and the South Korean puppets are maneuvering to crush [apsal] our Republic.

The world publicly admits that we are not developing nuclear weapons. It was the United States that gave birth to the nuclear issue on the Korean peninsula. It is also the United States that is increasing the danger of nuclear war. The U.S. imperialists are threatening us with the 1,000-odd nuclear weapons deployed in South Korea, and the Japanese reactionaries and the South Korean puppets are growing their own nuclear mushroom under the U.S. nuclear umbrella.

Nevertheless, like a thief turning on the owner, they who are posing a nuclear threat, went so far as to form a strike group aimed at attacking us militarily, going further in harassing us—who do not have nuclear weapons and who are under the nuclear threat—with a nuclear issue. Furthermore, not to be overlooked is the fact that the strike group was formed when the situation on the Korean peninsula was extremely aggravated and entered a dangerous phase of war.

Now the United States has massively assembled its aggressive forces, including aircraft carriers, in South Korea and its surrounding areas to crush our Republic under the pretext of the so-called nuclear issue. Raving about a preemptive strike on us, the United States is aiming at an opportunity to provoke a war. The Japanese reactionaries are also attempting to take the lead in taking sanctions against us.

The traitorous Kim Yong-sam clique, raving about the inevitability of sanctions against us, is persistently maneuvering, in collusion with outside forces, to harm its fellow countrymen and to drive the nation into a nuclear calamity.

It is far from an unpremeditated development that the United States, Japan, and South Korea organized a strike group at a time when a grave explosive situation is being created on the Korean peninsula because of the said maneuvers. It is an advance preparation for the formation of multinational forces to be put into a war of northward invasion on the Korean peninsula when those countries provoke it. In other words, it can be said to be a trial formation of a multinational force.

With the organization of the strike group, they are attempting to further expand and intensify their military threat against us and force us to submit. This is proven by the foreign press report on the organization of the strike group, which said it is a political warning for Pyongyang.

They, however, are miscalculating. Our people are never frightened nor do they submit, no matter what pressure is put on them. We have already made it clear that a sanction is a declaration of war against us, and that not only those participating in a sanction but those supporting it will be duly held responsible for it. We mean what we say.

Our people treasure peace, but do not beg for peace by having the country's sovereignty trampled upon. We will inflict a resolute punishment on those who set upon us to crush our socialism.

Alleged Evacuation Plan Linked to SDF Role

SK2106005394 Pyongyang Korean Central Broadcasting Network in Korean 2210 GMT 20 Jun 94

[Text] According to reports, the United States and Japan are strengthening their conspiracy and collusion [kongmo kyoltak] in preparation for an emergency [yusasie taebihayo] on the Korean peninsula.

According to Japan's YOMIURI SHIMBUN dated 18 June, the U.S. Government recently asked Japan to transport Americans along with Japanese in South Korea when Japan withdraws its people from South Korea in preparation for an acute situation [kinbakhan satae] on the Korean peninsula.

Accordingly, the Japanese Government is making every effort for an early passage of the revised Self-Defense Forces [SDF] Law draft that enables Japan to dispatch SDF planes to South Korea. On the other hand, it has begun to consider using warships, which are capable of transporting more people than airplanes, in case of emergency.

The revised SDF Law draft aimed at dispatching SDF planes to South Korea is reportedly being deliberated by the Special Security Committee of the Japanese House of Representatives. This hints that the U.S. anti-Republic crushing maneuver has reached a very dangerous stage [migugui pan konghwaguk apsal chaektongi maeu wihomhan tangye-e irugo ittanun kosul sisa haejunun hanpyon], as well as showing that the Japanese reactionaries' ambition to invade Korea again and their maneuver to dispatch their troops overseas have reached an extreme level [kukto-e tarhago ittanun kosul].

The United States is trying to use military planes and warships of the SDF in carrying out a war against the Republic under the pretext of withdrawing foreigners form South Korea. The Japanese reactionaries backed by the United States [migugul tungdaego] are attempting to mobilize SDF troops for a war of invading Korea [choson chimnyak chonjaeng] and to legally dispatch them overseas by revising the SDF Law, under the cloak of transporting foreigners.

The conspiracy and collusion of the United States and Japan aimed at the Korean peninsula is arousing concerns of world public opinion for its dangerousness [ku wihomsonguro hayo].

Japan's Bid for UN Council Seat Denounced

SK2006053394 Pyongyang KCNA in English 0514 GMT 20 Jun 94

["Sophism of Hypocrite"—KCNA headline]

[Text] Pyongyang, June 20 (KCNA)—The Japanese Foreign Minister, Koji Kakizawa, claimed that Japan must be a permanent member of the United Nations Security Council with veto power and if it got a permanent seat, it would be active to "reflect the view of the Asian region and small nations."

Commenting on this, NODONG SINMUN today views his remarks as a sophism of a hypocrite and an obtrusive rigmarole looking down upon Asian countries and small nations.

The analyst says:

His remarks that Japan will represent the view of the Asian region means that it wants to become "the leader" of Asia. Down through history, Japan has regarded Asia as the target of its aggression and looting. It has considered it to be natural. Such a thinking-pattern has been inherited by the present Japanese Government authorities.

In actuality, Japan is seeking the repetition of its past policy of aggression. This is well illustrated by the Japanese Government's position on the nuclear issue of the Korean peninsula. Japan is watching for a chance of reinvasion, while going ahead with the preparation of "emergency security legislative arrangements" aimed at sending its Armed Forces to the Korean peninsula under the pretext of "countering the fictitious nuclear issue" of the DPRK. Japan's military aggression on Korea will be the first step toward its comeback to Asia for realising its old dream of "the greater East Asia coprosperity sphere."

How can such a country represent the will of the Asian countries? Japan's expression of wish to represent the Asian nations is an insult to the Asian nations and people.

The Japanese Government expressed the view that "the use of nuclear weapons is not contrary to the international law," openly favoring the use of nuclear weapons. This indicates that Japan will make no scruple of plunging developing and small nations into a nuclear holocaust to dominate and plunder them.

The Japanese reactionaries must give up their impudent ambition and honestly liquidate its past crimes first of all.

Hata's Remarks on Nuclear Capability Decried

SK2006051094 Pyongyang KCNA in English 0501 GMT 20 Jun 94

["Confession of Nuclear Criminal"—KCNA headline]

[Text] Pyongyang, June 20 (KCNA)—Japanese Prime Minister Tsutomu Hata told reporters at the Diet on June 17 that "Japan surely has the capacity to possess nuclear weapons," a report from Tokyo says.

In this connection, the chief secretary of the cabinet, Kumagai, revised the remarks of Hata at a press conference in the evening, saying that "the prime minister did not use a proper expression."

Upset by the reaction within the government, Hata hurriedly called reporters together that evening and "withdrew" his remarks, saying "Did I say so really? I do not remember that."

Although Hata cancelled his remarks, he cannot conceal the nuclear design of Japan he had revealed of his own accord.

His remarks that Japan has the capacity to possess nuclear weapons were a confession of the nuclear ambition of Japan and admission of the moves to convert Japan into a nuclear power, the moves which have gone beyond the danger line.

In fact, the world knows Japan is capable of possessing nuclear weapons. Japan, however, had categorically denied it till Hata admitted it.

As a result, Japan's veil of "three non-nuclear principles" has been thrown off, and it has been made crystal clear that the Japanese Government's argument that "Japan's use of atomic energy is limited to peaceful purposes" is a sheer lie to mislead public opinion.

It is disgusting that this nuclear criminal is zealously conducting the anti-DPRK campaign in conspiracy with international reactionaries, raising a hue and cry over the "nuclear issue" of the DPRK which has neither the will nor the capacity to develop nuclear weapons.

Japan must refrain from rash acts, clearly mindful that its moves to become a nuclear power will bring nothing good to it and will cause irrevocable catastrophic consequences.

PRC Military Delegation Arrives in Pyongyang

SK2106133994 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 21 Jun 94

[Text] A friendship visiting group of the People's Liberation Army [PLA] of China led by Colonel General Wang Ke, commander of the Shenyang Military Area Command of the PLA, arrived in Pyongyang by plane on 21 June.

The delegation was greeted at the airport by Li Chong-san, general of the Korean People's Army; other generals and officers; and Qiao Zonghuai, Chinese ambassador to our country.

A banquet was given to the delegation at the Ministry of People's Armed Forces on the evening of 21 June.

Kim Il-song Receives SRV Defense Minister

BK2106030194 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 20 Jun 94

[Text] On the morning of 18 June, President Kim Il-song, secretary general of central committee of the Korean Workers' Party and president of the DPRK, received in an atmosphere of warmth and had discussions with a high ranking military delegation from Vietnam led by Senior General Doan Khue, National Defense minister, which is on an official visit to the DPRK.

President Kim Il-song welcomed the friendly official visit to the DPRK by the Vietnamese high ranking-military delegation. The president thanked Senior General Doan Khue for the fine comments in his speech which reflect his fine sentiments toward the people and the People's Army of the DPRK, and hoped the visit would contribute to promoting the friendly ties between the two armies and peoples.

Kim Il-song Gives On-the-Spot Guidance to Farm

SK2006231694 Pyongyang KCNA in English 2213 GMT 20 Jun 94

[Text] Pyongyang, June 21 (KCNA)—The great leader President Kim Il-song gave on-the-spot guidance to the Kumdang Cooperative Farm in Onchon County, South Pyongan Province, on June 19.

He was accompanied by So Yun-sok, chief secretary of the South Pyongan Provincial Committee of the Workers' Party of Korea [WPK] and chairman of the South Pyongan Provincial People's Committee, So Kwan-hi, secretary of the WPK Central Committee, Kim Won-chin, chairman of the State Agricultural Commission, Kim Nak-hui, chairman of the South Pyongan Provincial Rural Economy Committee, and other officials concerned.

The cooperative farmers of Kumdang reaped a high yield of grain last year by strictly applying the chuche farming method of the WPK, and they have become able to look ahead to a rich harvest this year through vigorous efforts to increase the grain output.

President Kim Il-song got first-hand knowledge of crop conditions, going round the fields of the farm and noted with deep satisfaction that the agricultural working people of the Kumdang Cooperative Farm had created good crop conditions by concentrating every effort on farming in hearty response to the party's agriculture-first policy. To do a successful farming is most important in resolving the problems of food, clothing and housing, he said, adding that the agricultural working people must do all farm work on a scientific and technical basis as required by the chuche method of farming, deeply conscious that they are responsible for the rice granaries of the nation. He said various kinds of fertilizers must be applied to crops in a rational ratio in order to increase the grain output.

He praised the Kumdang Cooperative Farm for effectively irrigating nonpaddy fields with the introduction of various economic and rational methods of irrigation. All the cooperative farms must mobilize all the irrigation facilities to supply enough water to maize and other crops, he added.

He said that in order to increase agricultural production, the leading officials of agriculture must enhance their role and the industrial sector must supply larger quantities of farming materials to the countryside.

South Korea

Kim Il-song Reportedly Hopes for 15 Aug Summit

SK2106091894 Seoul KBS-1 Radio Network in Korean 0810 GMT 21 Jun 94

[By correspondent Yi Tong-sik from Beijing]

[Text] Mrs. Mutsuko Miki, wife of former Japanese Prime Minister Miki, said that North Korean President Kim Il-song hopes that a North-South summit will be held on 15 August, the national liberation anniversary.

Mrs. Miki revealed today that during a luncheon for her on 19 June, North Korean President Kim Il-song said he wants to hold a North-South summit on 15 August and wants the South side to come to the North. She noted that

Kim Il-song also hoped for the achievement of North-South reunification and for the establishment of diplomatic relations with Japan at an early date, and that he expressed satisfaction with increased exchanges with Japan.

Mrs. Miki visited Pyongyang together with her family for about a week starting last Tuesday at the invitation of Kim Il-song.

'Cool Reaction' From Seoul

SK2106140994 Seoul KBS-1 Television Network in Korean 1210 GMT 21 Jun 94

[Text] The government, which is pushing for a North-South summit at an early date, had a cool reaction to the remarks of Mrs. Mutsuko Miki, wife of former Japanese Prime Minister Miki, on North Korean President Kim Il-song expressing the hope for a North-South summit on 15 August. This is because President Kim Il-song's remarks conveyed by Mrs. Miki are not an official response to our side's proposal made on 20 June, even if his remarks are true, and because 15 August is not an early date, as President Kim conveyed to Carter.

This being the case, the government, paying no attention to this for the moment, has begun to work out concrete plans for realizing a North-South summit at an early date.

Yi Hong-ku, deputy prime minister and minister of unification, met this morning with Chong Chong-uk, senior presidential secretary for security and diplomatic affairs, and shared the view that the government should strive to realize a North-South summit by mid-July.

Deputy Prime Minister Yi Hong-ku then discussed measures for the convocation of the summit with Song Yong-tae, vice unification minister; and Chong Si-song, director of the secretariat for North-South talks. They came to a conclusion that the North Korean attitude of continuing to slander the South without responding to our side's proposal makes us doubt its true intention. However, our side should not necessarily regard this as a pessimistic signal.

A relevant government official pointed out that considering past practice, it is very likely that North Korea will make a counterproposal and suggest a later date than the one we proposed. This notwithstanding, if North Korea does not attempt to drag on the issue of agenda items during a preliminary contact, the convocation of talks before mid-July would not be difficult.

This official also noted that either Seoul or Pyongyang could possibly be the venue for the talks rather than Panmunjom or a third country. However, even if the North Korean side wants to designate a third place within the Korean peninsula, this will not work as a factor that would drag on time.

Opposition Party Optimistic About Korean Summit

SK2006055994 Seoul YONHAP in English 0553 GMT 20 Jun 94

[Text] Seoul, June 20 (YONHAP)—The opposition Democratic Party (DP) voiced optimism Monday that the inter-Korean summit would be realized at an early date after ministerial-level working contacts in June or July.

The party's planning and management section submitted a report on the current political situation to the Supreme Council stating that since the inter-Korean summit has been agreed in principle by both sides' presidents, it is likely that procedures for the summit will progress rapidly.

"If South and North Korea broad-mindedly push for the summit, it is highly likely that all the procedures for realization of the summit may make rapid progress," the report said.

North Korean leader Kim Il-song has conveyed his hope to South Korean President Kim Yong-sam of an early summit "at any time, any place and without any preconditions" through former U.S. President Jimmy Carter. Kim Yong-sam in turn welcomed the offer.

It added that the ministerial-level working contacts for the summit would probably be held in June or July and that the summit could occur this year—that is, if things go well and if North Korean-U.S. talks also make progress.

Considering the historical significance of the first inter-Korean summit, the two sides are expected to meet in Seoul and Pyongyang, according to the report.

The summit is expected to address all issues pending between South and North Korea including the standoff over Pyongyang's nuclear program.

"Especially, the meeting will deal with the two basic agreements concluded at the sixth high-level inter-Korean talks in February 1992—the South-North denuclearization declaration, disarmament and unification," the report predicted.

The report said the summit's chances of coming off are good, citing the former U.S. President's mediation between the two sides and both presidents' emphasis on meeting without any preconditions.

Both Seoul and Pyongyang are in a difficult situation because of the nuclear dispute, the report pointed out, and the agreement to hold a summit was made with the world closely watching, the report added.

"The inter-Korean summit will act as great momentum to change overall inter-Korean relations, including the North Korean nuclear situation, and to clear away the national history of hostility and antagonism over the past 50 years."

The report suggested that the DP actively support the government so that the mood can change from sanctions to dialogue and so inter-Korean relations can be normalized.

Urges Preparatory Organization

SK2006061394 Seoul YONHAP in English 0606 GMT 20 Jun 94

[Text] Seoul, June 20 (YONHAP)—The opposition Democratic Party (DP) proposed Monday to form a joint standing preparation body with the ruling Democratic Liberal Party (DLP) to ensure supra-partisan support for an inter-Korean summit.

The party's Supreme Council met Monday morning, under the presidency of Chairman Yi Ki-taek, and made the proposal after agreeing that the inter-Korean summit requires perfect preparations since it presents a historic chance to deal with various national issues including unification and the nuclear problem.

Members of the supreme committee also decided to form another organization inside the party to study details of the summit including its agenda.

North Korean strongman Kim Il-song, speaking through former U.S. President Jimmy Carter, has expressed his desire to meet South Korean President Kim Yong-sam for an early summit "at any time, any place and without any preconditions." The South's leader has welcomed the offer.

The opposition party plans to seek an extraordinary session of the National Assembly to discuss the North Korean nuclear problem and the Seoul-Pyongyang summit.

Chairman Yi said before the meeting, "There is no need for me to visit North Korea ahead of President Kim Yong-sam if the inter-Korean summit is pushed ahead with smoothly."

North Korea said recently that it would welcome a visit by Yi.

Government Pushing for Mid-July N-S Summit

SK2106052094 Seoul YONHAP in English 0513 GMT 21 Jun 94

[Text] Seoul, June 21 (YONHAP)—The government is pushing to hold the proposed inter-Korean summit by mid-July after completing preliminary contacts between the two sides' deputy premiers by early next month.

Responding to the offer of an unconditional summit made by North Korean leader Kim Il-song, a government official said Tuesday that the two sides will meet beforehand to schedule the summit for July in Seoul or Pyongyang, or a third place named by North Korea. He added, however, that contacts with Pyongyang will follow Seoul's judgement that North Korea is sincere about the summit.

The summit's success or failure is totally up to the North Koreans despite varying internal and international conditions, he stressed, forecasting the meeting would be held in July if North Korea showed sincerity.

Meanwhile, the government plans to accept any change of date for the preliminary contacts if North Korea counterproposes a date that is within one week of June 28, the date proposed by Prime Minister Yi Yong-tok.

If North Korea launches another political offensive, such as the 10-point program adopted by its Supreme People's Council on April 7 last year, the government will stop seeking a summit and instead intensify its efforts to secure a UN resolution imposing sanctions on the North.

Earlier Tuesday, Deputy Premier and National Unification Minister Yi Hong-ku met with senior presidential secretary for foreign and national security affairs Chong Jong-uk to discuss preparations for the preliminary contacts.

Poll: Majority Support North-South Summit

SK2106103494 Seoul KBS-1 Radio Network in Korean 0813 GMT 21 Jun 94

[Text] It was learned that most of our people think that North Korea's true intention for proposing a North-South summit is aimed at getting out of the present crisis and that it would be very difficult to hold a summit. However, they absolutely support a North-South summit.

The result of a telephone poll conducted by Media Research—a public opinion survey organization—among 1,000 men and women above the age of 20 throughout the country, except Cheju Island, showed that concerning the true intention of North Korean President Kim Il-song for proposing a North-South summit, 76.3 percent of the respondents said his proposal is a one-time [ilsijogin] proposal aimed at getting out of the present crisis, including sanctions against North Korea.

Regarding the possibility of the actual holding of a North-South summit, 50.8 percent, over half of all of the respondents, gave a negative reply. In particular, 64.7 percent, the absolute majority, responded that UN sanctions against North Korea should be continually pushed ahead. Thus, a considerable number of people showed a wait-and-see position on the summit.

Meanwhile, concerning the holding of a North-South summit itself, 92.8 percent, the absolute majority of the respondents, support the holding of the summit, and 65.7 percent assessed that the North-South summit would bring about positive results for a solution to the nuclear problem and for attaining cooperative relations between the North and the South. Moreover, 56.1 percent of respondents replied that the summit would make positive contributions to the issue of national reunification, thus showing considerable expectations for the North-South summit.

Hans Blix Welcomes DPRK 'Promise' to Carter

SK1806003194 Seoul KBS-1 Radio Network in Korean 2200 GMT 17 Jun 94

[Report by Cha Man-sun from Vienna]

[Text] Hans Blix, director general of the International Atomic Energy Agency [IAEA], has expressed the hope that former U.S. President Carter's visit to the North will serve as a turning point and a climate will be fostered in which North Korea will completely return to the Nuclear Nonproliferation Treaty and comply with the nuclear accord.

Director General Hans Blix said this in an exclusive interview with the KBS network on 17 June.

He said he welcomed the promise North Korea has made to former President Carter that it will allow the inspectors who are now in Yongbyon to approach nuclear facilities without restricting their activities.

Director General Hans Blix said, in particular, with regard to North Korea's replacement of nuclear fuel rods: At present, the five-megawatt atomic reactor is empty because its fuel rods have been removed. It seems that new fuel rods will be installed soon.

He said: The inspectors in Yongbyon have been conducting various kinds of inspection activities, including installing monitoring equipment at the storage site of spent fuel rods and at reprocessing facilities without any restrictions. The inspectors work at any time and take turns working.

Asked if he would be willing to have dialogue with North Korea, Director General Hans Blix emphasized that his duty is to inspect if activities comply with the nuclear accord, adding that the United States will discuss issues, including the normalization of relations, with North Korea through political dialogue.

Foreign Minister on Conflict, Carter, China

WS2106124594 Warsaw RZECZPOSPOLITA in Polish 21 Jun 94 pp 1, 23

[Interview with South Korean Foreign Minister Han Sung-chu by Katarzyna Kolodziejczyk; place and date not given: "Irrational Partner"—questions published in boldface]

[Text] [Kolodziejczyk] How serious, in political and military terms, is the situation on the Korean peninsula?

[Han Sung-chu] The situation is no more dangerous that it was before. Of course, considerable forces on both sides—North and South Korea—are still facing each other. However, since the day the nuclear crisis began, we have not observed any extraordinary movements by the North Korean Army. Thus, we have no reason to expect any provocation on their part right now. Therefore, on the 15th day of this month, just as in any month, routine civil defense exercises were organized, the only difference being that this time they were held nationwide.

[Kolodziejczyk] How do you think the situation will develop?

[Han Sung-chu] The development of the situation will now depend on what steps are taken by the UN Security Council over the next two or three months. During this time, a decision will be made as to whether the Security Council will pass resolutions concerning North Korea, and if so, when. There is a certain hope that the North will nonetheless continue its cooperation with international organizations and other states. Even though it left the International Atomic Energy Agency [IAEA], it did not expel the UN inspectors, who were sent to control its nuclear program there.

[Kolodziejczyk] In such a situation, is the South Korean Government going to focus its efforts on strengthening its own defense capabilities, that is, military capabilities, or will it focus on possibilities for resolving the crisis through peaceful means?

[Han Sung-chu] I consider it vital and indispensable to act in both directions. Of course, our primary intention is to maintain the peace; however, we can see the poor results of our talks, including those initiated by the Security Council.

[Kolodziejczyk] If the North had so desired, it could have seriously threatened South Korea much earlier, with its short-and medium-range missiles, by destroying your nuclear power plants and some of your military equipment. However, this is not what happened. What are the reasons, then, that the North's holding of these weapons is seen as so dangerous?

[Han Sung-chu] There are at least three reasons why nuclear weapons in the hands of North Korea constitute a real threat.

First, because we are dealing with a regime that is very reckless and determined, if not unpredictable. For this reason alone we cannot rule out the possibility of the North's employing nuclear weapons—if it had such weapons at its disposal.

Second, even if they do not actually use the weapons, they may use them for blackmailing purposes—not only us, but neighboring states as well; they would also be fully aware of the fact that this would entail destroying their entire system and themselves as well. At the same time, the possibility of a provocation through the use of conventional means has increased, which is a very important issue.

Third, if nuclear weapons were manufactured in the North, there would arise the very important problem of nuclear proliferation. Not only in our region, but across the world. In other words, we would witness a threat not only in the region, but also in the world; I must admit, though, that for us this threat is more acute than for the rest of the world.

[Kolodziejczyk] Do you not think that direct talks between the North and the South in the first phase of the crisis would be a much quicker and more effective method of resolving this problem, as opposed to third countries getting involved?

[Han Sung-chu] We have always advocated dialogue with North Korea. As is known, we even reached some kind of an agreement with them in the talks in the autumn of 1992; those talks concerned, among other issues, the nonproliferation of nuclear weapons. We also established a joint committee. Unfortunately, North Korea has so far not wanted to hold any further negotiations with us. It does insist, however, on direct dialogue with the United States. Now that it has withdrawn from the IAEA, it does not want to talk with them either. I would like to offer assurances that as far as we are concerned, we have done as much as possible, and will do as much as possible in the future to find a resolution to this problem through dialogue.

[Kolodziejczyk] Why do you think the North has been avoiding direct talks with the South?

[Han Sung-chu] I think they are afraid of the Berlin Wall syndrome. That is, they are afraid that talks with us, or any contacts, including exchanges, might encroach considerably on their system. This, in turn, might cause consequences similar to those triggered by the collapse of the Berlin Wall. In such a situation, both North Korea's system and representatives would lose the justification for their continued political existence.

[Kolodziejczyk] Some oppositional parties in your country claim that the position of the United States on the issue of controlling the North's nuclear program was considerably exaggerated. These circles suppose that in the context of the current nuclear crisis, the interests of South Korea may not be identical with those of the United States.

[Han Sung-chu] This supposition is totally contrary to reality. The patient and systematic policy of the United States, the policy of constantly persuading North Korea to agree to hold talks, refutes this opinion. Two rounds of talks have already been held. If the North wanted, it could certainly, and easily, meet the conditions, which, in turn, would be the foundation of serious political dialogue. In the meantime, this country ruined the foundations of such a dialogue by withdrawing from the IAEA.

Now, the criticism of the U.S. stand has its origins, first of all, in the United States itself. The opposition in the United States is not unanimous on this issue, not to mention that some of Bill Clinton's policy statements concerning the Korean crisis are far less critical than some people would like them to be. For the sake of clarity, I would like to add that the policy of our government concerning this issue is the same as the policy of the United States.

[Kolodziejczyk] Some political observers have suggested that the goal of the mission by former President Carter was to persuade the North to give up its nuclear program in exchange for diplomatic recognition by the United States, in particular. Would your government be willing to reach a compromise on this issue?

[Han Sung-chu] Jimmy Carter did not go to Pyongyang to negotiate anything, and certainly not the issue of North Korea's return to the international political scene. However, we will very seriously consider every suggestion that Carter brings back with him. I would like to stress, however, that any suggestion on the part of North Korea should be of a more formal nature. We must be certain of what is going on; we must also be sure of the intentions of any possible proposals.

[Kolodziejczyk] What is your evaluation of the stand taken by China? This country has clearly stated that it does not accept any sanctions directed against the North.

[Han Sung-chu] China has played a very serious role in this crisis. So far the role has been rather constructive. China has stated quite unequivocally that it is against the nuclear program of the North; it tried its own methods to persuade the North to conduct a dialogue and, first of all, maintain the clarity of the nuclear program. I think that at the forum of the UN Security Council—the issue of the resolution is still open—China's stand will depend on how North Korea responds to the international actions. If the North is inclined to cooperate, then I believe there will be no reason for the Security Council to pass any resolutions. However, if the North rejects such a possibility, then I believe China will not be able to continue supporting North Korea at such an important forum.

[Kolodziejczyk] Would your government accept the concept of an international conference addressing the situation on the Korean Peninsula, as was once proposed by Russia?

[Han Sung-chu] On principle we are not against multilateral talks; however, we doubt the usefulness of such talks if North Korea does not agree to satisfy the fundamental conditions of the dialogue. This is why we are skeptical about the idea of holding such a conference.

[Kolodziejczyk] What is your evaluation of Japan's position on the Korean crisis? As is known, many Korean workers in Japan have family in North Korea.

[Han Sung-chu] It must be admitted that Japan was very upset by the present situation. We have close relations with this country which make it possible for us to hold constant consultations among the three states: our country, the United States, and Japan. This country has so far consistently supported the idea of the Security Council's passing a resolution if North Korea continues to refuse to cooperate with the international body.

[Kolodziejczyk] In the situation that has developed now, has the idea of uniting both Koreas become far more remote, or is it the other way around?

[Han Sung-chu] It is difficult to say anything about it. A similar situation was observed after the collapse of the Berlin Wall. At that time, no one was able to predict that the unification of Germany would come almost automatically after the first breaches of the Berlin Wall were made. Thus, we cannot say anything specific on this issue as well. Some people think that the unification of both Koreas will occur next year, others—in two years' time...

[Kolodziejczyk] North Korea is to a considerable degree isolated from the rest of the world. Do the government and people of South Korea know how their countrymen on the other side of the 38th parallel are living? Do they know, for instance, whether—just as in South—they want to unite, and, if it came to an open conflict, whether they would shoot at their countrymen from the South?

[Han Sung-chu] Well, they have already done this. The Korean war in 1950 cost both sides a lot of blood. However, almost 40 years have passed since that time and the situation in the world has changed dramatically. For example, there is no longer any Soviet Union. Today the North—unlike the South—is experiencing a difficult economic situation. Apart from that, our defense capabilities in the South are so great today that they would have to act irrationally and be totally desperate to attempt any provocation against us.

However, it is true that we simply do not know many details of the lives of our countrymen in the North. Generally, we know as much as the world does—that the people complain about living standards—and we know the methods by which the authorities manage the economy. I believe, however, that the North Koreans know something; they secretly listen to our radio broadcasts... Even the most closed society is not totally hermetic, not to say watertight. I think that the Koreans from the North realize the differences between themselves and the rest of the world.

Christopher: Carter Statement Not U.S. Position

SK1806020494 Seoul YONHAP in English 0155 GMT 18 Jun 94

[Text] Washington, June 17 (YONHAP)—U.S. Secretary of State Warren Christopher, referring to former President Jimmy Carter's reported statement that Washington has suspended its bid to apply sanctions against North Korea, said Friday "it is different" from Washington's official position.

A high-ranking official at the South Korean Embassy in Washington disclosed that Christopher conveyed the U.S. Government's position to the South Korean Government through Assistant Secretary of State Winston Lord.

Christopher said the United States would continue consultations on sanctions against Pyongyang at the U.N. Security Council until it became apparent that North Korea had frozen its nuclear development program.

Meanwhile, South Korean Ambassador to Washington Han Sung-su met with Assistant Secretary of State Robert Gallucci to exchange views on American policy toward North Korea, which seems muddled after Carter's recent statement in Pyongyang.

At the meeting, Gallucci was quoted by the high-ranking official as stressing that "Carter's statement in Pyongyang is not the official position of America."

Carter's View of Kim Il-song Disputed

SK2106101394 Seoul YONHAP in English 1004 GMT 21 Jun 94

[Text] Seoul, June 21 (YONHAP)—Ruling Democratic Liberal Party [DLP] Chairman Kim Chong-pil, while disputing former U.S. President Jimmy Carter's view of North Korea, stressed on Tuesday there should be no relaxation of vigilance over North Korea until the nuclear issue is resolved.

In a lecture at a DLP training session held at the Veterans Association Building in eastern Seoul, Kim belittled a set of North Korean offers made during Carter's visit to North Korea.

"Mr. Carter is saying the North Korean offer for reduction of the two sides' Armed Forces to the 100,000-man level is reasonable, but this is no more than the repetition of what Kim Il-song has been voicing since long ago," he said.

Kim said he was stunned to hear Carter say "Kim Il-song is reasonable, honest and enjoying people's trust."

"That naive man, it seems, was duped in many ways in North Korea," he said.

Yi Se-ki, chairman of the DLP Policy Committee, too, said at the session that Kim Il-song is waging a time-earning tactic by inviting Carter in a move to escape international sanctions.

"Kim Il-song likes Carter very much because he promoted the withdrawal of American forces from Korea immediately after the fall of South Vietnam," Yi said.

Diplomatic Source on Third U.S.-DPRK Talks

SK2106055794 Seoul CHOSON ILBO in Korean 21 Jun 94 p 1

[Text] A diplomatic source in Seoul said on 20 June that the ROK Government would propose to the United States that before the third round of U.S.-North Korea high-level talks takes place, dialogue between North Korea and the International Atomic Energy Agency [IAEA] resume and that negotiations for special inspections of the two unreported nuclear facilities start.

He also said that he knew that the United States informed the ROK that it plans to hold the third round of U.S.-North Korea high-level talks at an early date if, at a U.S.-North Korea working-level contact in New York, North Korea makes assurances for ensuring the continuity of IAEA nuclear safeguards, including a ban on refueling the five-megawatt nuclear reactor in Yongbyon, a ban on reprocessing the discharged spent nuclear fuel, and permission for the IAEA inspectors now staying in North Korea to continue their work.

On the morning of 20 June, the Unification and Security Policy Coordination Council reportedly held extensive discussion on this issue. Also, the meeting reportedly pointed out that it is necessary to hold North-South summit talks to hold in check the "unilateral holding of U.S.-North Korea dialogue."

South Reacts 'Cautiously' to DPRK 'Overture'

SK1806014894 Seoul THE KOREA TIMES in English 18 Jun 94 p 1,2

[By staff reporter Son Ki-yong]

[Text] With the United States and the International Atomic Energy Agency (IAEA) welcoming North Korea's new overture, South Korea reacted cautiously, apparently concerned that the last chance to clear up suspicion over the North Korean nuclear program might be lost due to Pyongyang's still ambiguous commitment to nuclear transparency.

"The government's official position on the new development will be set tomorrow (June 18) after Carter briefs President Kim Yong-sam on the outcome of his trip to North Korea," a spokesman told reporters following an early morning session of the Coordination Committee for Unification and Security Policies.

North Korean leader Kim Il-song hinted at the possibility of the North committing to its nuclear transparency during talks with former U.S. President Jimmy Carter and U.S. President Bill Clinton expressed willingness to resume dialogue with Pyongyang if it freezes its nuclear program.

Seoul's nuclear policymakers appear to be perplexed over Pyongyang's sudden overture and Washington's positive reaction and initially took a wait-and-see approach to the new development.

So far, South Korea has ruled out any dialogue with North Korea unless Pyongyang first takes constructive action leading to the clarification of all suspicion of its nuclear weapons program.

Shifting into a hardline stance with threats of sanctions, the Seoul government wanted North Korea's complete compliance with the international community's call for nuclear transparency.

Even though it would contribute to reducing tension on the Korean peninsula, the resumption of dialogue, which comes without a firm North Korean commitment, will only prolong the current nuclear impasse, officials have said.

"We will watch developments. We will hold further consultations with the United States after receiving Carter's briefing on the outcome of his visit to the North," Foreign Ministry spokesman Chang Ki-ho said.

"We are not in the process of resuming dialogue with the North. We are still pushing ahead with a plan to seek U.N. sanctions against North Korea," he added.

Chang said that the government will push the two-pronged strategy combining sanctions with dialogue for the time being.

The spokesman revealed that Foreign Minister Han Sung-chu had telephone conversations with U.S. Security of State Warren Christopher three times early yesterday morning, turning up [as published] the wording of a statement issued by U.S. Assistant Security of State Robert Gallucci.

"Through the telephone talks, the government's position was included in the statement," he added.

The statement said that the United States is ready to engage in a third round of high-level U.S.-North Korea talks under proper circumstances.

However, he refused to comment on the timing of a third round of talks, saying that "the statement reaffirms the basic positions for a third round of talks by South Korea and the United States."

In May, the United States tried to resume the high-level talks because North Korea agreed to additional inspections of its nuclear facilities. But the North's replacement of spent fuel rods at a five-megawatt reactor without international monitoring raises tension and the United States declared that the basis for dialogue had crumbled.

When asked about what would be a new basis for the high-level talks, Assistant Foreign Minister Choe Tong-chin said that there should be "arrangements for special inspections" before the high-level talks are held.

After the replacement of fuel rods which virtually crushed the possibility of tracing the exact amount of plutonium possessed by Pyongyang, South Korea and the United States have demanded that North Korea accept special inspections and voluntarily disclose its nuclear-related activities.

Meanwhile, Nuclear Ambassador Kim Sam-hun said that it is noteworthy that North Korea indicated its intention of accepting special inspections at its two undeclared nuclear sites for the first time.

North Korea has so far refused to accept inspections at the two facilities, believed to be nuclear waste storage, claiming that they are "military facilities."

DPRK Envoy at 'Closed-Door' Russian Meeting

SK2106011094 Seoul YONHAP in English 0055 GMT 21 Jun 94

[Text] Moscow, June 21 (YONHAP)—Russia's state Duma (house of representatives) held a meeting Monday to discuss the Russian Government's position on possible international sanctions against North Korea.

Russian Vice Foreign Minister Alexandr Panov explained the government's position at the closed-door meeting, unprecedentedly attended by North Korean Ambassador to Moscow Son Song-pil.

Vladimir Lukin, chairman of the foreign affairs committee, said Russia should cooperate closely with the United States on sanctions against North Korea, adding that it is unclear if Pyongyang plans to bargain for more favorable conditions or is simply playing for time, diplomatic sources said.

Meanwhile, Russian Foreign Ministry officials support an inter-Korean summit in principle. They welcomed the possible continuation of dialogue as international sanctions against the communist state are being discussed in detail.

But the current situation on the Korean peninsula has neither improved nor worsened, the officials added.

Possible Sanctions Damage to DPRK Discussed

SK2106113694 Seoul SISA JOURNAL in Korean 23 Jun 94 pp 62-64

[Article by Nam Yu-chol: "Even Limited Sanctions Can Cause Serious Damage to North Korea—Economic Sanctions, Effective Even Without Chinese Participation—Suspension of Inter-Korean Trade Also Deals the North a Blow"]

[Text] The North Korean military delegation led by Choe Kwang, chief of the General Staff of the North Korean People's Army [KPA], recently visited China to hold a series of talks with the Chinese leaders. The visit, which was made at a delicate time when the United Nations was discussing economic sanctions on North Korea, drew extraordinary attention at home and abroad. As to Choe Kwang's China visit, which was different from the courtesy visits by the North Korean leadership, the local experts had a more-or-less vague assessment that North Korea may have wanted to maintain a close military cooperation with China while international tension was increasing. The head of the North Korean department of a major business group, who is well versed in North Korean affairs, said, "We understand that the two sides had an extensive exchange of views over the pending issues between the two countries regarding the nuclear issue."

Choe Kwang is a person who is regarded as the No. 2 man in the North Korean military, whose position is to take the whole responsibility for military operations under the KPA supreme commander Kim Chong-il. In particular, he has been directly involved in purchasing the oil for military use, which is "the most important job" of the North Korean military. The sources of information of the Singaporean oil market, who are well versed in the oil supply of the Asian countries, have watched with interest Choe Kwang's moves over the last several years. The reason is that whenever Choe Kwang conducted "military diplomacy" with Iran and Southeast Asia, there was talk about oil supply for North Korea.

A bigwig inter-Korean trade agent in Singapore keeping in touch with the North Korean leadership said in an interview: "It is certain that Choe Kwang discussed with China the problem of oil supply for the military." Another trade agent, who supplied Russian oil to North Korea through a Chinese intermediary, said that the North Korean military purchased oil for itself through independent channels different from those of the party and the Administration Council. The purpose of Choe Kwang's visit to China is considered to include the problem of oil supply in preparation for wartime.

That the North Korean military purchased oil independently through various channels was an object of major concern to the local strategic experts. We are greatly interested in how much oil North Korea has been stockpiling for military use. Local experts estimate that North Korea must be stockpiling oil for military use that will last for one year in preparation for war, despite its severe oil shortage. However, according to the Southeast Asian oil sources, North Korea failed to sign a satisfactory oil supply contract not only with Iran but with Indonesia, with which North Korea persistently contracted in 1993.

A U.S. oil expert demanding anonymity, in a telephone interview, said: "The oil the allied forces spent during the Gulf war was 300,000 barrels per day. North Korea may not have even the minimum stockpile it needs." (Al Troner), Singapore branch head of the U.S. oil journal PETROLEUM INTELLIGENCE WEEKLY, said: "I have not heard that North Korea is trying to purchase oil from an oil market."

U.S. Secretary of State Warren Christopher revealed that economic sanctions against North Korea must, first of all, block the incoming flow of petroleum and foodstuffs. Most of the domestic experts have been showing skepticism by saying that there will be no effect in the economic sanctions against the North if China, which is providing petroleum and foodstuffs to North Korea, does not take part in the sanctions. The analysis that China holds the key to economic sanctions against the North is only based on government statistics by countries exchanging trade with North Korea such as China and Russia. Therefore, it is a mistake to have overestimated the "influence" China has in the North Korean overall trade.

An expert in North Korean affairs from a private economic institute claimed: "Even if limited sanctions are taken against the North, they would be a big blow to the North Korean economy, which has been recording a negative growth for the past four years." He also said: "It has been known that the practical effectiveness of the economic sanctions against the North would depend on China's attitude. However, even if China does not participate in taking sanctions against the North, the effectiveness of the sanctions against the North would be great." As a basis for this, he pointed out that the ROK and Japan are important countries in earning foreign currency, and equipment and materials for heavy industry facilities in exporting North Korean weapons are from eastern Germany and Russia. Therefore, when it becomes impossible to change facilities, North Korea will suffer an enormous blow.

According to statistics by the PRC Customs and the Organization for Economic Cooperation and Development, North Korea imported 649,000 tonnes of grain from China and 177,000 tonnes of grain from Turkey in 1992. It is not in the statistics, but from 1991 to 1993, North Korea imported a large amount of Canadian and Australian grain through a trading company in New Jersey, United States. In September 1992, after concluding a contract under the name of a third country's company, North Korea brought in 70,000 tonnes of wheat from Australia. In January 1993, 280,000 tonnes of wheat were exported to North Korea from western Canada, and 30,966 tonnes and 25,000 tonnes were exported to North Korea in February, and March, respectively. These were not listed in the statistics of the governments of various countries because companies of various nationalities were involved in the purchase, shipping, and transportation.

According to North Korea's 1993 economic index as announced by the Korea Bank, North Korea's GNP was $25 billion. Among the $25 billion, the total amount of trade was $2.64 billion occupying only 12.9 percent of the total GNP. (When considering official statistics that can be tallied), North Korea imported goods from China (34.8 percent), Japan (14.3 percent), and CIS (14.6 percent) in 1992. Also 58.2 percent of the overall export was to these three countries. The Institute of Foreign Affairs and National Security analyzed: "Economic sanctions against the North would have a great effect if economic sanctions are taken against the North internationally, because imports and exports are concentrated on these countries."

U.S. economist (Gerry Hufbower's) studies show that a mere 36 percent of the 103 instances of economic sanctions imposed from 1914 to 1983 were successful. However, the effect of economic sanctions is a relative concept. The meaning of "effect" will change depending on what political purposes to pursue in economic sanctions. Therefore, the political purposes of sanctions on North Korea must be clarified before the effect of such sanctions is discussed. It is not clear at present whether economic sanctions on North Korea are intended for the eventual collapse of the North Korean establishment or whether they are part of an attempt to pressure North Korea into another round of negotiations to prevent North Korea from developing nuclear weapons.

Countries involved in sanctions on North Korea have different interests of their own. Major domestic businesses that have earnestly traded with North Korea have a keen interest in how sanctions will be imposed. North Korea team leaders of major general trading corporations say that what they want to know most are the timetable of the sanctions and details of the sanctions for each phase. The Samsung Economic Research Institute said that U.S.-led international economic sanctions can be imposed in one of three different ways.

Experts say that limited sanctions involving the ROK, the United States, and Japan may likely be imposed under circumstances in which China is opposed to UN-led sanctions. They predict that the United States and North Korea may enter into negotiations again after economic sanctions, which are of strong political and symbolic significance, are imposed.

Our government is of the position that if the United States decides on its action plan, irrespective of whether it be a UN-led sanction or a partial sanction, our government plans to map out its own sanction plan depending on the intensity of the U.S. sanction plan. A government source said that the "possibility is nil at present that we will take the initiative" to put an end to indirect North-South trade and ban contacts with North Koreans.

North-South trade has recently increased, even though tensions have continuously intensified on the Korean peninsula because of the nuclear issue. The volume of trade between the North and South was $187 million (on a customs-clearance basis) last year, a 7.6 percent increase over 1992. The ROK is North Korea's fourth largest trading partner, after China, Japan, and Russia. ROK businesses are North Korea's "extremely good" trading partners. Based on their strategic policy of maintaining a "channel of dialogue" with North Korea, big business groups involved in trade with North Korea have given the best terms to North Korea even if they lose money. They have bought North Korean goods with cash advances and sold goods on credit.

A Singaporean trading agent says: "North Korea has many unpaid bills in trade with ROK businesses. If sanctions are imposed, ROK businesses will not be able to receive the money." However, big business groups say that "we did not begin trade with North Korea to make profit in the first place." ROK businesses bought goods worth $178 million from North Korea last year. The investments for processing on commission, the trade of goods sold in third countries, and unreported deals were not unaccounted for in the National Unification Board statistics. The volume of North-South trade is much greater than what the government's official statistics show, even though the government has painstakingly turned a blind eye to this status. A man involved in trade with North Korea says: "It is no exaggeration to say that North Korea has bought oil and food from China with the foreign exchange which ROK business has 'given' it." He also says that the "blow which an end to North-South trade will deal to North Korea will be enormous."

Scenarios of Economic Sanctions on North Korea (Source: Samsung Economic Research Institute)

1. Sanctions by the United Nations:

1) UNSC decides on economic sactions - 2) First-stage limited economic sanctions imposed- 3) DPRK declares withdrawal from NPT [Nuclear Nonproliferation Treaty]- 4) Second-stage overall - 5) DPRK economic problems aggravated - 6-A) Halfway provocation by DPRK - 7-A) ROK, U.S. strike back- 8-A) DPRK yields, new DPRK regime established- 9-A) Economic assistance given to DPRK - 10-A) Korea unified by stages - 6-B) overall provocation by DPRK -7-B) DPRK system collapsed by ROK-U.S. counterattack - 8-B) Rapid unification achieved by ROK through absorption

2. Partial Sanctions by the ROK, the United States, and Japan:

1) PRC, Russia oppose UN sanctions - 2) Sanctions imposed by ROK, USA., Japan- 3) DPRK declares withdrawal from NPT - 4-A) Possible Attack on DPRK nuclear facilities by USA -4-B) PRC mediates - 5-B) DPRK-U.S. negotiations resume - 6-B) Economic sanctions lifted 7-B) DPRK declares return to NPT- 8-B) DPRK nuclear transparency guaranteed - 9-B) DPRK-U.S., DPRK- Japan negotiations on establishing diplomatic ties promoted

3. Attempt To Resume U.S.-DPRK Negotiations:

1) Active mediation by PRC- 2) DPRK-U.S. negotiations resume- 3) DPRK returns to NPT returns - 4) DPRK-U.S. high-level talks resume - 5) DPRK allows special inspections - 6) Economic aids to DPRK by USA, Japan, etc.- 7) DPRK nuclear transparency guaranteed- 8) DPRK-U.S., DPRK-Japan diplomatic ties established - 9) DPRK opens itself up by grade

Sanction Plans for Each Country (Source: Samsung Economic Research Institute)

1) ROK: Prohibition of South-North indirect trade, prohibition of contacts with North Korean figures, suspension of approval for bringing in and out North Korean goods, and prohibition of departure from port by ships for trade with North Korea.

2) USA: Presentation of two-stage economic sanctions by the United Nations. (first stage—restricted economic sanctions; second stage—overall economic sanctions)

3) Japan: Restriction of trade and capital transaction, prohibition of entry by ships and airplanes, rejection of reentry of home visitors, restriction of remittance and carryable amount of cash, freezing of domestic assets.

4) PRC: Opposes sanctions in principle.

Positions and Reactions of Each Country on the DPRK Nuclear Issue (Source: Samsung Economic Research Institute)

1. Positions:

1) DPRK: Tries to strengthen its position in negotiations by increasing nuclear threats; intends to develop nuclear weapons for security use.

2) ROK: Tries to implement the declaration on the denuclearization of the Korean peninsula, never allows DPRK nuclear armament.

3) USA: Establishes its stance as the international police, prohibits the DPRK from withdrawing from the NPT, demands special inspections of the two unreported DPRK nuclear facilities.

4) PRC: Recognizes environment around itself to proceed with reform, stresses blood relations with the DPRK.

5) Japan: Stresses that the issue is directly related with its own security issue, seeks ways to become a military power.

6) Russia: Rebuilds its lost external influence, takes bad influence by suspension of exchange with the DPRK into consideration.

2. Reactions:

1) DPRK: Demands negotiations with the United States, dispatches military delegation to the PRC, warns that it will withdraw from NPT and will not hesitate to bring about a war when economic sanctions are imposed on it.

2) ROK: Strengthens the international cooperation system, leaves the door to dialogue wide open.

3) USA: Imposes economic sanctions (supported by 80 percent of U.S. people), mentions military sanctions in political circles, stresses on need for practical sanctions while recognizing economic sanctions as a means for negotiations.

4) PRC: Does not want economic sanctions, seeks ways to resolve the issue through dialogue, continues to persuade the DPRK.

5) Japan: Agrees with Western countries, prepares its own sanction plans.

6) Russia: Does not want sanctions by other than the United Nations, proposes eight-party talks.

North Reportedly Set To Test Ballistic Missile

SK1806013794 Seoul THE KOREA TIMES in English 18 Jun 94 p 1

[Text] North Korea appears set to test-fire a ballistic missile to rattle states seeking to punish it for defying U.N. nuclear inspectors, a leading expert said Thursday, citing U.S. intelligence sources.

Joseph Bermudez, a consultant to Jane's Intelligence Review who is an authority on the North's military and intelligence affairs, said the intelligence community expected Pyongyang to test-fire a Nodong-1 ballistic missile "any day now."

North Korea initially test-fired its Nodong-1 into the East Sea (Sea of Japan) in May 1993.

DPRK 'To Resume' Accepting Japanese Tourists

SK2106102894 Seoul YONHAP in English 1011 GMT 21 Jun 94

[Text] Tokyo, June 21 (YONHAP)—North Korea has decided to resume accepting Japanese tourists one year after they banned entry of foreign sight-seers in June last year, it was learned here Tuesday.

North Korea stopped issuing visas to Japanese tourists one year ago when international tension began building up over its nuclear question.

An official of Chukai Travel Co., a Japanese travel agent specializing in North Korea tours, said Tuesday, "a North Korean travel firm informed us in mid-May of a plan to accept Japanese tourists." He said his firm has been advertising for North Korea visitors.

Japanese tourists are expected to enter North Korea by chartered plane via Beijing.

"North Korea seems to have decided to resume accepting foreign tourists as international tension over the nuclear issue has begun to ease," a Japanese public security official said.

Security Intensified for Anti-Uruguay Rally

SK1806015694 Seoul YONHAP in English 0151 GMT 18 Jun 94

[Text] Seoul, June 18 (YONHAP)—The Seoul police have decided to mobilize 14,000 riot troopers to beef up security in and around Yoido Plaza, the Democratic Liberal Party headquarters, the American Embassy and other major installations in the capital to stave off possible raids by Uruguay Round [UR] accord protesters.

A large-scale outdoor rally seeking to block ratification of the Uruguay Round agreement is slated for Yoido Plaza at 3 P.M. Saturday, with some 20,000 people including members of the National Alliance for Democracy and Unification, Chongukyonhap, and collegians attending.

The ralliers are to stage a 5-km street march to the Yonsei University campus after the gathering, probably causing serious traffic jams in and around Mapo and Shinchon, western Seoul.

Prior to the rally, some 7,000 students from seven Seoul universities, including Yonsei and Sogang, will march to Yoido Plaza in separate groups to demonstrate their determination to stop the National Assembly from ratifying the UR accord.

Some 1,000 students affiliated with Namchongnyon, the Federation of Student Councils in Kwangju and South Cholla Province, gathered at Yongdungpo station to prepare for the rally.

Students' Demonstrations, Countermeasures Cited

SK2106092894 Seoul KBS-1 Television Network in Korean 1216 GMT 20 Jun 94

[Text] Following the incident in which train operations were stopped in Kwangju due to the sit-in demonstration by students from the Federation of Students Councils in Kwangju and South Cholla Province [Namchongnyon], train operations were interrupted again at Yongdungpo Railway Station in Seoul today for 40 minutes while the police dispersed violent demonstrations of students and farmers.

On the other hand, the police decided to arrest some 90 university students today in addition to some 30 students it had already arrested on 18 June.

Reporter Kim Song-chin reports:

[Begin Kim Song-chin recording] Students and farmers, members of the General Federation of National Farmers Associations, held a rally in Yoido, Seoul this afternoon opposing the National Assembly ratification of the Urguay Round accord. After the rally, they attempted to march toward the National Assembly Hall, but were stopped by riot police. Some 200 demonstrators, students and farmers, stormed the Yongdungpo Railway Station compound. As a result, train operations stopped there for a while.

The students and farmers who stormed into the railway station compound blocked train operations, and some of them occupied the tracks. Train operations on the Seoul-Pusan line and the Honam line, as well as electric train operations, were interrupted for some 40 minutes. The police arrested some 70 students and farmers on the spot.

On the other hand, 32 students from Namchongnyon were arrested for their involvement in the incident in which train operations at Songchong Railway Station, near Kwangju, were interrupted and policemen were kidnapped. It is likely that about 91 students will be arrested for their involvement in violent demonstrations. Thus, the total number of arrested for the involvement in violent demonstrations will be around 120, the largest number since the present civilian-let government took office.

The students arrested today are those who were involved in forcibly stopping train operations near Kwangju, including So Il- sok, Choson University student; and those who used iron clubs in the violent demonstrations, including Om Su-hwan, a Hongik Universtity student.

The police said they will take strong countermeasures by arresting all the student demonstrations leaders and taking a stern judicial action against them. In accordance with this step, the police have continued searching activities at university campuses and strengthened check-up points at railway stations and bus terminals. [end recording]

The government held a meeting of ministers concerned with public security and labor affairs today and decided to take strong countermeasures on the students violent demonstrations and possible strikes of the Korean National Railway and subway workers. At the same time, it issued a statement expressing concerns about the recent developments. Reporter Kim Hui-chong reports:

[Begin Kim Hui-chong recording] Through a joint press statement of four ministers—the home minister, justice minister, labor affairs minister, and transportation minister—the government expressed deep concern about a possible serious economic situation which may be created by the students' violent demonstrations and the workers' strike in addition to the North Korean nuclear issue. Accordingly, the government clarified that it will take stern countermeasures against the forces attempting to stage strikes.

At today's meeting, the government decided to ferret out without fail those students who were involved in stopping the train operations in the Kwangju area and in kidnapping policemen during their violent demonstrations by mobilizing all available police forces and to arrest not only those students who led the demonstrations but also those who actively participated in them.

The government also decided that it will increase budgetary support to reinforce police investigation activities and police equipment. The government will strengthen investigation activities to ferret out if the pro-North forces within the country are closely linked to student activists. [end recording]

Burma

Editorial Hails Than Shwe Visit to Laos

BK2006143194 Rangoon THE NEW LIGHT OF BURMA in English 14 Jun 94 p 4

[Editorial: "Mutual Understanding Enhanced"]

[Text] The five-day official friendly visit of State Law and Order Restoration Council [SLORC] Chairman Senior General [Than Shwe] and delegation to the Lao People's Democratic Republic [LPDR] at the invitation of the President of the LPDR, His Excellency Nouhak Phoumsavan, must be hailed as highly successful and has helped enhance mutual understanding. What is significant is that the two leaders and the two leaderships were able to have a cordial exchange of views which bespeak the long-standing cordial relations which have existed between the leaders and peoples of our two nations.

Sr. Gen. Than Shwe and President Nouhak Phoumsavan had a friendly and fruitful discussion on bilateral and international matters of common interest in a cordial atmosphere. In the same spirit, the high-level officials of the two friendly nations were able to hold discussions on matters of common interest and sign agreements of related matters.

The fruitful talks led to the signing of the following agreements:

1. Agreement between the Government of the Union of Myanmar [Burma] and the Government of the LPDR on the fixed International Boundary between the two countries in the Mekong River.

2. Agreement on the establishment of a Joint Commission for Bilateral Cooperation between the Government of the Union of Myanmar and the Government of the LPDR.

3. Agreement on Tourism Cooperation between the Government of the Union of Myanmar and the Government of the LPDR.

Moreover, the senior general, Madame Than Shwe, and the delegation were able to absorb the historical and cultural aspects of Lao life which are common to both sides, for we had to suffer unfortunate circumstances although we are both independent sovereign nations. The grace and charm of the Lao artistes who performed traditional dances for the benefit of the guests also reflect similarities between the cultures of our two nations.

We share much of the Buddhist heritage and the senior general and Madame Than Shwe as well as members of the entourage were able to visit pagodas and pay obeisance to the senior Lao sangha [Buddhist monk], present offertories and share merits.

It is heartening to summarize that the two sides were able to highly evaluate the success of the state visit which serves as firm basis for the enhancement of the friendly and good-neighborly relations and cooperation between the two countries in the future, thus contributing to the promotion of peace, stability, and cooperation for the development of the region.

Rebel Couple Surrenders in Mergui 8 Jun

BK1706103594 Rangoon Radio Burma in Burmese 1330 GMT 16 Jun 94

[Text] Members of armed groups who have come to realize their wrongdoings and, after accepting the work being undertaken and the genuine goodwill of the State Law and Order Restoration Council, have been giving up their armed struggle and surrendering with their arms and ammunition at various military camps.

On 8 June, Private Hla Tun, 23, son of U Kyaw Pe, and his wife Ma Nwe Yee Win, 21, daughter of U Aung Maung, from the BCP [Burma Communist Party] armed organization surrendered together with two AK-47 assault rifles, two magazines, 20 rounds of ammunition, one BA-63 automatic rifle, and one magazine at the Pankin Camp, Mergui regional headquarters. They were warmly welcomed by responsible personnel at the concerned camp.

Further on Surrender of Eight NLD Members

BK1706142094 Rangoon THE NEW LIGHT OF BURMA in English 11 Jun 94 p 7

[Text] Eight members of the underground National League for Democracy [NLD] known as NLD-North group, comprising five representatives-elect of Kachin State and three NLD organizers who absconded to Pajao region in Kachin State returned to the legal fold through the KIO [Kachin Independence Organization] of Kachin Special Region 2 in Myitkyina on 5 June.

The eight of them, all representatives-elect are—U N. Nang Gam of Machambaw Township, U Yau Si of Putao Township, U Marpan Sin of Khawbude Township, U Kya Mya of Mohnyin Township Constituency-2, U Kyaw Maung of Mohnyin Township Constituency-1, and U Min Swe and U Ba Win, organizers of the NLD of Kyunhla Township, Sagaing Division, and U Thein Aung, NLD organizer of Pinbaw Village-Tract, Mogaung Township. Of them, U N. Nang Gam, U Yau Si, U Marpan Sin, and U Kya Mya are said to have been organized by NLD organizers in charge of Kachin State U Tin Aung and U Yan Naung Myint, who are presently in Manerplaw, and went underground from Myitkyina on 22 December 1991. They arrived in Pajao region. U Kyaw Maung went underground on 6 January 1992 and followed them. U Min Swe, while serving as the township organizer of the Kyunhla Township NLD, came into contact with former teacher of Nyaungkaing Village, U Myint, and together with U Ba Win went underground on 9 January 1993. U Thein Aung, while serving as the organizer of the NLD at Bamagon Village, Pinbaw Village-Tract in Mogaung Township, took along with him Tha Din and Thaung Htwe who wanted to go underground and he also went underground.

After arriving in the jungle, they formed the Northern NLD group also known as Underground NLD-North group at Pajao Camp during the last week of January 1992.

The group was formed with U Tin Aung as chairman, U Kya Mya as secretary, and the remaining seven persons as organizing committee members. On receipt of letter of intimation sent by Dr. Sein Win from Manerplaw Camp of the expatriate group NCGUB [National Coalition Government of the Union of Burma] about the second week of April 1992, NLD-North Chairman U Tin Aung and member U N. Nang Gam left the Pajao Camp for the KNU [Karen National Union] Central Manerplaw Camp. On arrival at the Manerplaw Camp the National Council of the Union of Burma, NCUB, was formed and U Tin Aung was assigned the duties as secretary. U N. Nang Gam was attached to the NCGUB office for about one year and he became a member of the education committee which was formed in July 1993.

In September 1993, Dr. Sein Win sent for the representatives at Pajao Camp to come to the Manerplaw Camp in order to expand the NCGUB group and U Kya Mya, U Kyaw Maung, U Marpan Sin, U Yau Si, and organizers U Yan Naung Myint and U Thaung Htwe arrived at Manerplaw Camp. As expatriate Sein Win and group had left for the United States, they had to wait there for nothing. Hearing that the KIO and the Government had made peace, their group left Manerplaw Camp and arrived at Pajao Camp on 13 March 1994. After holding consultations and discussions among themselves they completely dissolved the NLD-North group on 2 April and after submitting the matter to the KIO leaders they returned to the legal fold.

When they arrived at the Manerplaw Camp, they learnt that one of the organizations of a foreign country provided assistance to Sein Win's NCGUB group. For the 1993 budget, a monetary assistance of 4.8 million Norwegian kroners [over US$ 600,000] was provided for education sector alone. It was said that they went to the jungles at the instigation of Kachin State organizer of the NLD U Tin Aung. However, only when they arrived there did they come to know that U Tin Aung had gone underground as he was in debt for 500,000 kyats in Mogaung. They also learnt that an annual fund of US$ 7,000 was provided by Sein Win's NCGUB to the NLD-North group and the travelling allowance of 100,000 bahts given for them to come from Pajao to Manerplaw were misused by U Tin Aung and that he had contacts with the former BCP [Burma Communist Party] group at the border with the other country. Thus, they at last distrusted in their leader U Tin Aung and they realized their mistake.

When they arrived at Manerplaw Camp they saw for themselves that those who had absconded after the disturbances in 1988 and went underground were disunited and were engaged in power struggle, killed each other, misappropriated funds, were self seekers, and earned income through illegal means and were of loose character. Moreover, Sein Win's 'parallel government' was nothing but just a name-sake. They also learnt that soon the NCGUB would merge with the armed groups in the jungles to form the "Federal Government of Burma, FGB" and began to hate and abhor them and they became frustrated.

Having learnt the present situation that there is now peace and tranquillity in Kachin State and the KIO group is actively engaged, hand in hand with the government, in implementing regional development tasks, coming to have faith in the genuine goodwill and true attitude of the State Law and Order Restoration Council and experiencing the unscrupulous acts and atrocities of the armed groups in the jungles, they began to realize their mistakes and repent and returned to the legal fold.

'Hundreds of People' Forced To Fight Khun Sa

94SE0137A Kuala Lumpur NEW STRAITS TIMES in English 26 May 94 p 20

[text]-TACHILEK (Myanmar), Wed. - Myanmar Government troops have seized hundreds of people from this border town to serve as porters in nearby hills where they are battling Golden Triangle opium warlord Khun Sa, residents said today.

The troops have swept through tea shops, restaurants and gambling dens, seizing able-bodied men to carry ammunition and other supplies to frontline positions.

The roundups have sent hundreds fleeing across the nearby border to Thailand to escape the draft, they said.

"More than 500 people have been rounded up and trucked to the battlefield over the past five days," one Myanmar trader said.

Traders and shopkeepers said people were living in a state of fear and a self-imposed curfew was in effect with businesses closing early and residents disappearing indoors to avoid the regular evening sweeps for porters.

Hundreds sought refuge on the Thai side of the border.

"Soldiers stormed my village a few days ago and arrested everyone they could find," said 48-year-old Nan Hinh, now hiding out in the Thai border town of Mae Sai.

Almost 200 Myanmar people took refuge in a Buddhist temple in Mae Sai on Monday but were told by Thai authorities to return to Myanmar the next day, the temple's abbot told Reuters.

An officer in Khun Sa's guerilla army told Reuters many of the seized people had been killed in recent heavy fighting.

"At least 17 porters were among 47 people killed on their side over the last five days at Doi Kong Mon," Khwan Muang, a regional commander in Khun Sa's Mong Tai Army (MTA) said.

Doi Kong Mon is about 20km west of Tachilek in the hills of Shan State.

Khwan Muang said 27 Myanmar troops and porters were killed fighting on Sunday and about 20 more died in a clash yesterday morning.

He said eight MTA soldiers were killed and 27 wounded in the battles.

The guerilla commander said he expected fighting to intensify and about 500 Myanmar government reinforcements had been moved into the area where the MTA had a similar strength.

Khun Sa declared independence for a Shan state in December and ordered his troops to begin an all-out offensive against Myanmar forces from the beginning of May, Kwan Muang said.

"We are convinced that now is the time to begin our war against Myanmar. We have the strength to fight them and the Shan people support us," he said.

He said the MTA had 20,000 troops and was better equipped than the government infantry.

Khwan Muang said MTA guerillas have launched offensives against government positions in 13 different parts of northeastern Myanmar's Shan state this month.

Khun Sa, alias Chang Sifu, the 60-year-old half-Chinese, half-Shan MTA commander, controls some of the richest opium-producing areas in the Golden Triangle, the area where Myanmar, Thailand and Laos meet.

He says he merely taxes opium traders to finance the struggle for the independence of Shan state from Yangon buy he was indicted by a US Federal court on heroin trafficking charges in 1990.—Reuter

Brunei, Malaysia & Singapore

Malaysia

Mahathir Warns Against Corruption in UMNO

BK1906131694 Kuala Lumpur Voice of Malaysia in English 0800 GMT 19 Jun 94

[Text] Datuk Sri Dr. Mahathir has reminded the members of the United Malays National Organization, UMNO, and the people in general of the danger of money politics and corruption to the nation and the people. He said if money politics is accepted within the party, corruption becomes a culture in UMNO and party leaders are elected through bribery, the government will be led by criminals and the corrupt.

The prime minister, who is the president of UMNO, was opening the party's special assembly in Kuala Lumpur. He said people who regard corruption as part of the political and administrative tools, only serve their own greed. Their interest to become leaders is only for their own good and not for the benefit of the people and the country. When the government is corrupted, so are the government servants. This will result in the whole government machinery being corrupted.

The prime minister said untiring efforts are required to stamp out corruption before it becomes a part of the country's culture. It will be beyond control once it becomes a culture. The people will not get the protection of the law. They will be victimized as they have no place to air their grievances.

Datuk Sri Dr. Mahathir said in the party, a person who buys votes will not be ashamed to sell his dignity when he becomes a leader. His priority is not to struggle for the religion, the nation, and the people, but self-interest. Such a leader has no dignity and responsibility and is even willing to sell the country and people.

The prime minister also spoke of the ill-effects of corruption if it is not checked. He said a society which is influenced by corruption will not achieve progress. Costs will shoot up while all transactions will move at slow pace. It is the people who will suffer.

UMNO members face penalties ranging from a warning to expulsion if they are found guilty of abuse of power or involvement in money politics under the proposed amendment to the party constitution. UMNO deputy president Datuk Sri Anwar Ibrahim, who tabled the motion for the amendment outlined the actions that could be taken by the Supreme Council under a new clause. Measures that could be taken include warning, suspension of party privileges, disqualification from vying for party posts, or contesting in general and state elections for a term specified by the Supreme Council, and other punishments being fixed and in accordance with the constitution. The motion to amend the constitution involves the insertion of the new clause 18.6 and three other new clauses and amendments to two clauses aimed at combating abuse of power and money politics which it was feared would destroy the party if left unchecked.

Air Defense Exercise Scheduled 23 Jun

BK2106041094 Kuala Lumpur BERNAMA in English 0304 GMT 21 Jun 94

[Text] Kuala Lumpur, June 21 (OANA-BERNAMA)—The Air Forces of Malaysia and Singapore will hold a one-day air defence exercise on Thursday under the Five Power Defence Arrangement (FPDA), the Ministry of Defence said here Tuesday.

Codenamed Minor Adex 94, the exercise was aimed at examining the air defence forces of member countries against a simulated external air threat.

It would be co-ordinated by the Integrated Air Defence System headquarters at the Royal Malaysian Air Force (RMAF) base in Butterworth, northern Pulau Penang state.

Malaysian aircraft involved in the exercise include the Northrop F-5E jetfighter and PC-130 patrol aircraft while the Republic of Singapore Air Force (RSAF) will deploy its F-16 Falcon, A-4S Superskyhawk fighter bombers and C-130 Hercules transport aircraft.

The RSAF will also deploy the improved Hawk missile system for air defence and a 35-mm anti-aircraft gun battery for the exercise to be conducted in Malaysian and Singapore air space.

Japan Urged To Hasten Technology Transfer

BK2006103294 Kuala Lumpur BERNAMA in English 0655 GMT 20 Jun 94

[Text] Kuala Lumpur, June 20 (OANA/BERNAMA)—Japanese investors must speed up the process of transferring technology or face the risk of losing their market share in Malaysia, Minister of Science, Technology and Environment, Law Hieng Ding, said Monday.

He said that if they did not transfer the technology, they would lose their market niche to European countries and the United States, not only in Malaysia but in the region too.

The Japanese, however, now realise the negative consequences of not transferring technology and are moving fast towards this goal, he told reporters after launching the Finger-Lock System of Polytron Resources Sdn Bhd [Private Limited] here.

The security system uses finger print instead of a key or a card to gain access into a building or home.

Law said the rapid development in the Asia-Pacific would entail Japan to change its policy in respect of technology transfer.

Minister: No Work Permits for British Firms

BK1806113094 Kuala Lumpur Voice of Malaysia in English 0600 GMT 18 Jun 94

[Text] The federal government will not issue work permits to British companies involving themselves in the Kelantan government under the water supply privatization project in the east coast state. Rural Development Minister Annuar Musa said this was because the ban on British companies is still in force and the state government's need to have dealings with British companies contradicts the federal government's policy.

Speaking to newsmen in Kota Baru, he said the state government's decision to have joint ventures with British companies did not violate any law since such dealings were within its jurisdiction. But the issuance of work permits came under the purview of the federal government.

Encik [Mr.] Annuar said that Kelantan's (?new) deal on the privatization project fatefully has raised doubts.

Fundamentalists Urged To Abandon Movement

BK2006163294 Kuala Lumpur NEW SUNDAY TIMES in English 19 Jun 94 p 2

[Text] Rembau, Sat.—Negeri Sembilan Menteri Besar [State Chief Minister] Tan Sri Mohamed Isa Abdul Samad has urged Al-Arqam followers to abandon the movement which has not only deviated from Islamic teachings but is also a threat to national security.

He said the state government viewed the movement's deviant activities seriously and would intensify efforts to explain to the people about the group.

"We do not want to see the racial harmony enjoyed by the people under the Barisan Nasional government threatened by the movement," he said in response to Prime Minister Datuk Sri Dr. Mahathir Mohamed's statement that the Al-Arqam movement had reached a level that may threaten national security.

Speaking after attending a district-level Maal Hijrah [Hegira Muslim new year] celebration here yesterday, he said the state government would support any Federal Government action to curb the movement's activities.

He said religious officers and mosque administrators in all districts would be asked to explain in detail to their congregation on where the movement went wrong.

"In this way we will be able to check the movement's deviationist activities from spreading," he said, adding that the state government had banned the movement last year.

Finance Minister Notes Economic Growth

BK1806101594 Kuala Lumpur Voice of Malaysia in English 0600 GMT 18 Jun 94

[Text] The Malaysian economy grew at a robust 8.6 percent in the first quarter of this year against 7.6 percent for the same period in 1993. Deputy Prime Minister and Finance Minister Datuk Sri Anwar Ibrahim said the stronger growth was driven by firmer export growth and higher domestic demand, particularly investment. He said this in Kuala Lumpur last night. He also said that inflation remains stable at 4.3 percent during the first four months of the year, similar to the rate recorded in the same period of 1993. The government is confident that inflation will be kept at about four percent this year compared with a month-to-month basis.

He added that the consumer price index, which measures the rate of inflation, had in fact dropped marginally. Datuk Sri Anwar said the manufacturing sector, which expanded by 13.7 percent, led the first quarter gross domestic product growth followed by the construction sector with a 12 percent expansion, services 9.6 percent, and agriculture 2.2 percent.

Speaking in Serdang today, Datuk Sri Anwar said the government has never neglected rural development and its record in striking a balance between the interest of the rural and urban community is the best in the region. He said the contention of the country's development programs were not comprehensive was mere empty talk which the opposition indulged in because they refused to acknowledge the government's achievements. He said the government's development (?democracy) was to develop the people in all aspects of life to ensure no one was left behind.

The deputy prime minister said not many countries have achieved a high rate of development and none can match Malaysia's record in rural development.

Singapore

President Ong Confirms Resumption of Duties

BK1906094094 Singapore THE STRAITS TIMES in English 18 Jun 94 p 3

[Excerpt] President Ong Teng Cheong said last night he has recovered fully from the loss of his voice and has resumed normal duties since Monday.

Speaking to reporters during the intermission of the Beijing People's Art Theatre performance at the Victoria Theatre, he said the loss of his voice last week was due to a virus infection.

He had been warded at the National University Hospital on June 8 for rest and observation after a routine medical check-up, which included an endoscopy of his stomach, colon, and rectum and was discharged last Saturday.

He said that he developed a sore throat after the endoscopy procedure during which a tube-like instrument was lowered into his body.

"I think I probably have some slight trauma to the throat after the procedure, but the loss of voice was due to a virus infection which occurred unfortunately at about the same time of the endoscopy," he said.

He described the infection as a "coincidence, a rare coincidence."

He said that since he was diagnosed as suffering fron low-grade lymphoma in 1992 he has been going for regular check-ups.

He has blood tests every two to three months and other tests such as computed tomography scans and X-rays once or twice a year.

He added that when his lymphoma was first diagnosed, his doctors had not recommended treatment "but to wait and watch" for signs of progression of the disease.

So far, they had not recommended any treatment.

"I lead a normal life, I don't suffer from pain, so everything is normal," he said. [passage omitted]

Cambodia

Ranariddh, Hun Sen To Visit Indonesia

BK1806101394 Phnom Penh AKP in French 0415 GMT 18 Jun 94

[All quotation marks as received]

[Text] Phnom Penh 18 Jun (AKP)—At the invitation of Sukarno, president of the Republic of Indonesia, a high-ranking delegation of the Royal Government of Cambodia [RGC], will leave for Indonesia for an official three-day visit" according to a communique made public in Phnom Penh on 17 June.

"The high-ranking Cambodian delegation will be led by Prince Krompreah Norodom Ranariddh and Samdech Hun Sen, RGC first and second prime ministers.

"This visit will take place from 20 to 22 June," specifies the communique.

Hun Sen Letter Reportedly Questions Sihanouk

BK2106071894 Bangkok THE NATION in English 21 Jun 94 p A4

[Text] Cambodian Second Prime Minister Hun Sen claimed King Norodom Sihanouk could not become prime minister without changing the constitution, which would require National Assembly approval.

In a personal letter to the king dated June 18, Hun Sen said he told the Cambodian Foreign Minister, Prince Norodom Sirivut, who consulted him on June 13 on the conferring of power to the king, that Article 17 of the constitution—which states that the king reigns but does not govern—cannot be changed.

Hun Sen said amending the constitution was the mandate of the National Assembly. "I further told Samdech Khromkhun that it is not sure that the Assembly would support any change to the Constitution," he said in the letter obtained by THE NATION.

Hun Sen said he was forced by circumstances to clarify his position on the Khmer Rouge problem and on the conferring of executive power to the king.

In the letter, Hun Sen apologized if his wording might offend or inconvenience the king, who is undergoing medical treatment in Beijing.

Hun Sen complained that while he has done everything according to the constitution, he had still been blamed for being an obstacle to accommodating the Khmer Rouge, who are opposed to the Paris peace agreement, the present constitution and the elected government.

In the letter, Hun Sen demanded that the king clarify his plans for Cambodia in relation to an article in the June 23 edition of the FAR EAST ECONOMIC REVIEW.

Despite the king's persistent denial of rumours that he was about to return to power, Hun Sen said he was deeply shaken by an article entitled Cambodia: Last Act, especially the parts which suggested that he (Hun Sen) "is an obstacle to conferring power on the King".

"What I need right now is the truth about whether Your Majesty really wants to take power as Prime Minister as has been published in the media, so that I might assess according to the real facts," the letter said.

The FAR EAST ECONOMIC REVIEW said Sihanouk had acknowledged that his bid for power would be doomed without the acquiescence of Hun Sen and the CPP [Cambodian People's Party] because he (the King) does "not want to shed blood to fight a secession led by Hun Sen. [no end quotes as published]

The article quotes the King as saying: "I cannot return to power to go back to Cambodia unless I have the assurance that Hun Sen and his party will join me in my government."

In his letter to the king, Hun Sen said: "This paragraph is very serious vis-a-vis myself because it implies that a war might break out not by the Khmer Rouge but by my humble person."

He said he was prepared to resign and allow the Khmer Rouge nominal leader, Khieu Samphan, to replace him if "permitted by the Constitution, supported by parliament and necessitated by national interest."

"There is no need to fear that I might wage a secessionist war," he continued.

In the six-page letter, Hun Sen also said he could not accept the Khmer Rouge political programme which he described as "a coup" against the constitution.

The Khmer Rouge has demanded the dissolution of the National Assembly and the elected government, and the formation of a new government with Khmer Rouge participation; and the withdrawal of government troops from the frontline in return for a ceasefire agreement and other military concessions.

Hun Sen said it was up to the National Assembly to debate the demands of the Maoist group, but as an MP he would certainly vote against them.

'Content' of Interior Ministers' Letter Reported

BK2106021294 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 20 Jun 94

[Text] The following is the content of the letter from the two-headed government's interior ministers to the Party of Democratic Kampuchea's [PDK] representatives in Phnom Penh:

The Ministry of the Interior requests that all PDK representatives and their staff leave Phnom Penh immediately—before 19 June 1994. The Ministry of the Interior will provide safe escort for your group's trip from its office to Pochentong Airport. You must inform the Ministry of the Interior at least one day before your departure, however. The Ministry of the Interior will not be responsible for your security beyond the deadline stated above.

[Dated] 17 June 1994
[Signed] Sar Kheng and Yu Hokkri

PDK Officials Take Leave of Local Residents

BK2106020294 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 20 Jun 94

[Text] The following is the gist of a letter sent by the representatives of the party of Democratic Kampuchea [PDK] in Phnom Penh to Phnom Penh residents informing them about the closure of the PDK office in Phnom Penh by the two-headed government's Ministry of the Interior:

1. We, representatives of the PDK in Phnom Penh, would like to inform the brothers in all circles in Phnom Penh that on 16 June 1994, at 1830, the two-headed government's Ministry of the Interior handed us a letter setting a deadline for all of us to leave Phnom Penh no later than 19 June.

2. We have been staying at the PDK office in Phnom Penh in conformity with the Paris agreement and later, at the august decision of His Majesty the king, who has graciously given us permission to occupy this crown property so that we can maintain sustained, uninterrupted contact with the aim of gradually fostering mutual understanding pending the procecss of national reconciliation. However, the two-headed government's Ministry of the Interior has just set a deadline for us to leave Phnom Penh before 19 June. We therefore feel compelled to leave Phnom Penh.

3. We would like to thank the people in all circles for giving us all kinds of support and assistance throughout our stay in Phnom Penh.

4. We want to live with all of you in Phnom Penh forever within the framework of national reconciliation and national concord and within the framework of genuine peeace.

5. However, we are compelled to take temporary leave of you and we hope that one day we will be able to return and see you again.

6. We pray that there will be national reconciliation and national corcord in the near future so that peace returns and Cambodia's independence, sovereignty, and territorial integrity are restored.

Radio Says King Worried About Office Closure

BK2106041294 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 20 Jun 94

[Text] After learning that the two-headed government's Ministry of the Interior had set a deadline for the representatives of the party of Democratic Kampuchea [PDK] to vacate their office in Phnom Penh, King Norodom Sihanouk was very worried. He expressed his worries in two messages.

In the first message dated 18 June and addressed to His Excellency Khieu Samphan, president of the PDK, the king said there was a threat to Democratic Kampuchea in Phnom Penh. For this reason, he believed it was preferable for the PDK to withdraw its representatives from the capital, because he feared that accidents might happen to PDK representatives. If accidents did happen to PDK representatives, he said, there would surely be a serious problem.

In the same message, King Norodom Sihanouk added that he would continue to have good relations with the PDK.

In another message King Norodom Sihanouk demanded that the two-headed government avoid doing anything harmful to PDK representatives and that it give the latter sufficient time to prepare for their departure.

Observers have noted that the king was worried because he understood that should the two-headed government harm PDK representatives in Phnom Penh there would be serious consequences both at home and abroad.

At home, there would be a collapse of and an apathy in the process of national reconciliation and the entire nation and people would never forgive the traitors—the communist Vietnamese puppets and the two-headed elements—for that. As a result, there would be a traumatic situation in which the king himself would no longer be able to play any mediating role in the settlement of the problem. This was the main cause of the king's worries.

Moreover, observers have agreed that the PDK office in Phnom Penh was closed because the communist Vietnamese, their puppets, and the two-headed government were afraid of the Cambodian masses and they were trying to exercise the powers of their fascist, dictatorial regime. However, the more fascist they become, the sooner their suicide.

King's Call for Austerity Program Supported

BK1706131194 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 17 Jun 94 pp 1, 2

[Commentary: "Austerity Program for Cambodia"]

[Text] Cambodia is one of the poorest countries in the world with an average annual income of only $250. Because of this appalling poverty, the royal government cannot escape criticism that it has been squandering the national budget on certain superfluous enterprises that do not benefit either national reconstruction or national defense, but is spent on extravagant entertainment.

His Majesty King Norodom Sihanouk Varaman of the Kingdom of Cambodia recently expressed a strong opinion about this. In a message to the heads of the royal government earlier this week, the king appealed for an austerity program to be observed by Cambodia. It can be understood easily that the austerity program urged by the king is a program of thrift and frugality in the face of the reckless, unnecessary spending currently seen by impoverished Cambodia.

Of course, some would say that "thrift and frugality" are preached especially by communists. The truth, however, is that thrift and frugality in general belong to the most elementary economic concept that everybody, whether he is red, blue, or pink, must espouse.

Through his initiative, the king of Cambodia has forced the royal government to realize that Cambodia, which is strapped with serious budget constraints, must cut spending on costly decorations and entertainment from all public ceremonies, a step seen as part of the "austerity" program. The king pointed out that the royal government should stop such activities as fireworks displays, conducting parades and processions, and holding beauty contests. These events were especially brazen during the celebration of the latest Cambodian traditional new year. While suggesting that there should not be parades, processions, floats, and fireworks during independence day celebrations, the king proposed that a traditional dance show and just one or two musical bands would suffice for public entertainment. Besides, the king also suggested that the number of delegations abroad and the length of their stay in each foreign country should also be limited to the minimum.

It is true that "the people will surely be pleased with this kind of austerity program." However, the royal government must not consider only the belt-tightening measures initiated by the king. It must work out its own austerity policy. In the current situation in which poverty is widespread, the royal government must never allow its ministers to remain extravagant. Or does it wish to preserve a tradition of extreme lavishness with each minister being accorded a monthly telephone bill of over $10,000; electricity consumption of 30,000 to 40,000 kilowatt-hours; and two, three, or even four official cars at his disposal?

Battle in Kompong Speu Province 14 Jun Reported

BK1806104094 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 17 Jun 94

[Text] On 14 June, the people and the National Army of Democratic Kampuchea [NADK] cooperated in attacking and completely dispersing the military and civilian state authority of the puppets of communist Vietnam in Trapeang Kraloeng, Phnum Sruch district seat, Kompong Speu Province.

After a battle lasting an hour, we fully controlled this district township. Fifteen of the invading troops of the puppets of communist Vietnam were killed and eight others wounded. Ten army shelters and three district office buildings were destroyed. We seized eight AK rifles, three AR-15's, and three (BH) mines.

At the same time, 20 soldiers of the puppets of communist Vietnam and 11 officials serving the communist Vietnam's puppets surrendered and joined the people and the NADK. They said that they will stop serving the communist Vietnamese, who are continuing to attack and kill the nation. These compatriots asked to join forces with the people and the NADK to fight the military and civilian state authorities of the puppets of communist Vietnam to quickly destroy them so that there will be peace, without anyone forcing the compatriots to fight.

However, the people and the NADK suggested that these compatriots return home and join forces with the people in their localities to fight the warmongers in their dens. This way there will be no one to force the compatriots to fight and die, leaving their families behind, and there will be no one to force compatriots to round up the people's relatives to serve as soldiers— an act which makes the people angry and causes them to loath and hurl insults at these compatriots.

Cabinet Approves Investment Bill

BK2106062994 Phnom Penh National Radio of Cambodia Network in Cambodian 1200 GMT 20 Jun 94

["Press communique of the Royal Government spokesman"; dated 20 June—read by announcer]

[Text] A plenary session of the cabinet was held at 1500 on the afternoon of 18 June under the chairmanship of Prince Krompreah Norodom Ranariddh and Samdech Hun Sen, first and second prime ministers of the Kingdom of Cambodia [KoC] to examine the immigration bill. After a thorough debate, the cabinet approved this investment bill which has eight chapters and 26 articles.

The cabinet commended the experts for skillfully drafting the bill which has contents suitable for the urgent requirements of the nation and domestic and foreign investment.

The cabinet paid attention to discussing and improving the draft to attract investments to the KoC, thus creating and increasing jobs for the people and enhancing the production in the following domains:

I. Concerning Chapter II dealing with the Cambodian Development Council [CDC], the cabinet unanimously regarded the CDC as the general staff of the Royal Government of Cambodia [RGC] in investment work and the competent body which has sole access to the issuance of investment permits. At the same time, the cabinet agreed on the protection of investors' rights and freedoms. The arrangement, function, and composition of the CDC will be set by a sub-decree.

II. Concerning Chapter III dealing with the investment guarantees, the RGC recognizes all investors equally, that is, there will be no discrimination based on their nationality and race. The RGC guarantees that it will not nationalize the assets of the investors, ensures that it will not [words indistinct].

III. Concerning Chapter IV dealing with the incentives for investment, the priority domains to be encouraged are as follows:

1. Modern or high-technology industries.

2. Labor-intensive investment projects (?including) tourism, industry, and agriculture.

3. Projects to enhance the export or production of import-substitutes, agro-industrial projects, and [words indistinct].

4. Projects to develop the provinces and the countryside, infrastructure [words indistinct] located in special development zones.

Tax and profit incentives are as follows:

A nine-prcent tax on income; the exemption of tax on profits up to eight years depending on the characteristics of each investment project, whose order of priority will be determined by the RGC in a sub-decree; tax exemption on all reinvested profits; 100-percent tax exemption on goods that are exported; 100-percent tax exemption on the import of goods to serve investments (?and) projects producing 80 percent of their goods for export [words indistinct] tourism industry, labor-intensive industries [words indistinct]; and permits for the import of foreign supervisors, specialists, technicians, and specialized workers, and their partners in line with the KoC's immigration law.

IV. Concerning Chapter V dealing with the ownership and use of land. In keeping with the Constitution, the problem of land ownership [words indistinct]. This means that the Cambodian partner must own over 50 percent of the total investment.

Foreign individuals or partners are allowed to use land through a long-term lease of up to 70 years. The use of land [words indistinct].

V. Also on that occasion, the cabinet agreed that any individual dispute shall be reconciled first by the CDC before being forwarded to court. Also, any dispute with the authorities concerned will be sent to (?the Cambodian Investment Board).

The implementation of this investment law [words indistinct]. However, this law will not affect investors who have been operating before this law comes into effect.

The cabinet ended its session at (?2000) in an atmosphere of unity and with high sense of responsibility.

[Dated] Phnom Penh, 20 June 1994

Low Rice Yield, Shortage 'Expected'

BK2106095794 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 20-21 Jun 94 p 4

[Summary] Peasants have so far reclaimed more than 300,000 hectares of land to grow floating rice. Peasants rely totally on tractors to till these areas, which are located mostly in the provinces around Tonle Sap Lake.

According to Mr. Liang Sam-hat, head of the agricultural machine tool directorate, "by mid-June, only 85,000 hectares, or 35 percent of the plan, had been tilled. It is expected that by the end of the season, that is, at the end of June, only about 50 percent of the total acreage will be tilled. This is a cause of great concern for it might lead shortages in the food supply for next year."

Due to insecurity, tractors could not carry out their operations. "In some provinces where there are vast areas for planting floating rice, such as Banteay Meanchey, the Khmer Rouge have forced the tractor owners and landlords to pay them taxes. This is why the tractor-operators in this province could till only 45 percent of the planned 70,000 hectares. In Battambang Province, only over

20,000 out of the planned 55,000 hectares were tilled so far. Kompong Thom Province could till only 4,000 out of the 24,000 hectares."

Presently over 2,000 imported tractors, of which 90 percent belong to the private sector while the remaining 10 percent were imported through various international organizations, are distributed to various state agricultural services. The farmers like to use the much cheaper tractors made in the Soviet Union and China, which are as good as those made in Great Britain and the United States.

At the recent National Assembly meeting, Prince Krompreah Norodom Ranariddh said that the Royal Government plans to build a tractor factory with loans from foreign countries. Tractors to be produced by this factory will be sold to farmers at the cheapest price with an aim to promote rice production, particularly in the floating-rice zone.

Indonesia

Ranariddh, Hun Sen Visit Indonesia

Greeted by Suharto

BK2006155694 Jakarta Radio Republik Indonesia Network in Indonesian 0600 GMT 20 Jun 94

[Text] The president and Mrs. Suharto this morning welcomed the Cambodian state guests, namely First Prime Minister Norodom Ranariddh and Second Prime Minister Hun Sen, at a military ceremony with a 19-gun salute and the national anthems of the two countries. After the official ceremony held at the Merdeka Palace grounds, President Suharto introduced the two Cambodian leaders to the Sixth Development Cabinet ministers and other high-ranking Indonesian officials. Shortly after seeing the state guests off to the State Guest House, Minister-State Secretary Murdiono briefed reporters on the significance of the Cambodian guests' visit to Indonesia.

[Begin Murdiono recording] Cambodian First Prime Minister Prince Ranariddh, who spoke more than the other guests, expressed his gratitude for the invitation to visit Indonesia and also for Indonesia's role in supporting Cambodia's peace process, which led to the establishment of a Cambodia based on the new Constitution. Prince Ranariddh also said Indonesia was a true friend of the Cambodian people and expressed hope that the current visit would further strengthen existing traditional ties between the two countries. [end recording]

Also present at the ceremony this morning were the vice president and Mrs. Sutrisno as well as members of the diplomatic corps. The Cambodian state guests are scheduled to lay a wreath at Jakarta's Kalibata heroes cemetery this afternoon.

Deliver Speeches

BK2106005394 Jakarta Radio Republik Indonesia Network in Indonesian 1500 GMT 20 Jun 94

[Text] President and Madame Tien Suharto tonight hosted a state banquet for visiting Cambodian First Prime Minister Prince Ranariddh and his wife, and Second Prime Minister Hun Sen at the State Palace in Jakarta.

In their speeches, President Suharto and Prince Ranariddh stressed the need to make efforts to solve Cambodia's internal problems.

President Suharto said that it is the Cambodian people themselves who will determine their own fate and future. He said that Indonesia will continue to help rebuild Cambodia, adding that close cooperation among developing countries will lessen our dependence on industrialized countries.

Meanwhile, in his reply speech, Prince Norodom Ranariddh expressed the hope that Indonesia will continue to provide Cambodia with assistance to solve its internal problems, including wiping out the Khmer Rouge insurgent group.

Prior to the state banquet, President Suharto presented souvenirs to his two guests of honor. He gave them a Bali Kris [dagger] decorated with a silver handle, silk batik shirt, and books on Indonesia. Norodom Ranariddh presented to President Suharto a silver dinner set and silk material. Meanwhile, Madame Tien Suharto presented a silver dinner set, a model of the Indonesia miniature park, and batik silk material to her guests.

The state banquet will be followed by a performance of several Indonesian traditional dances.

This afternoon, the Cambodian guests paid a courtesy call on Vice President and Madame Try Sutrisno at the South Merdeka Palace, in Jakarta. On the occasion, they also exchanged gifts.

Murdiono Comments

BK2106100794 Jakarta Radio Republik Indonesia Network in Indonesian 0700 GMT 21 Jun 94

[Text] Murdiono, minister/state secretary, briefed reporters on the outcome of talks between President Suharto and Cambodian co-Prime Ministers Prince Norodom Ranariddh and Hun Sen at the Merdeka [Presidential] Palace in Jakarta today.

He said that the Government of Cambodia has expressed its wish for the essential goods from Indonesia to be dispatched directly to Phnom Penh instead of going through a third country. In the past, Indonesian goods exported to Cambodia were delivered through a third country. The leaders had also reached an agreement on the banking and trade procedures to be observed by the two countries.

Murdiono said that Indonesia is still in great demand for the supply of soybeans to fulfill its domestic needs. For this, President Suharto suggested that if Cambodia could produce the commodity, bilateral trade between the two countries could be stepped up.

Meanwhile, speaking at a news conference at Wisma Negara [State Guest House] today, Prince Norodom Ranariddh said that Cambodia will not seek military assistance from Indonesia but wants to learn more about Indonesian military's experience in handling the communist and separatist movements.

According to Hun Sen, the only problem that Cambodia faces now is its internal politics, because the Khmer Rouge group still wants to remain isolated.

Commentary Views Visit

BK2106045194 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 21 Jun 94

[Station commentary]

[Text] The stalled national reconciliation process in Cambodia, which has not borne fruit so far, delayed the Indonesian visit of Cambodian leaders Norodom Ranariddh and Hun Sen. The two leaders were only able to begin their visit to Indonesia yesterday. After they had assumed the post of first and second prime minister following last year's elections, they only managed to visit the PRC and Thailand.

Even as they left Phnom Penh for Jakarta, the spark that could trigger another outbreak of war was ignited after the Khmer Rouge rejected an offer for cease-fire scheduled for the end of this month.

As such, the elected Cambodian Government has not managed to carry out economic reconstruction in the country ravaged by the 15-year-old civil war. Cambodia's economic reconstruction needs the support of friendly countries, including Indonesia.

The visit to Indonesia by the two Cambodian prime ministers accompanied by seven key ministers, is aimed at obtaining Indonesia's commitment for economic and technical assistance. Indonesia, which played a major role in the birth of the new Republic of Cambodia [title of country as heard] and currently serves as chairman of the Nonaligned Movement, will pay special attention to the challenges faced by the Cambodian Government and people. Efforts to improve Cambodia's economy and stability, which will in turn contribute to the stability of Southeast Asia, have indeed become Indonesia's basic commitment to that country. We are aware that any problem that arises in any country will have a negative impact on other countries in the same region.

Friendly relations between Indonesia and Cambodia in fact have long cultural and historical roots. As a nation that once suffered under long colonial rule, we fully understand the need to extend assistance to Cambodia in its efforts to consolidate national stability through continued economic development and the improvement of the people's economic welfare. Based on the historical friendship between the two nations, we believe there are many forms of long-term and short-term cooperation that can be developed. Such cooperation will be discussed between President Suharto and his two Cambodian guests at Jakarta's Merdeka Palace today. We hope the success of Cambodia's economic reconstruction will lead to its stability and national reconciliation. Our experience has shown that without national reconciliation and unity, it is impossible to carry out economic development smoothly.

New Deregulation Package Issued

Saleh Affif on Package

BK1906084094 Jakarta KOMPAS in Indonesian 7 Jun 94 pp 1, 18

[Excerpt] Jakarta, KOMPAS—The Government Regulation No:20 of 1994 was not aimed at selling Indonesia. The new deregulation package was issued because the government considered that the domestic investors would be unable to absorb all the domestic investments. Apart from this, there is an urgent need to boost the country's nongas exports, which could be accelerated through more investments.

This was stated by Saleh Affif, Coordinating Minister for Economics, Finance and Industry, and Development Supervision to newsmen at the Finance Ministry in Jakarta on Monday 6 June. Answering more questions on the deregulation, which was considered to provide too many opportunities to foreign investors, the minister said, "We do not intend to sell Indonesia. We have never done so."

According to Saleh Affif, the government had taken into consideration the domestic investors' inability to meet the huge demand for local investments. He said, "We also have a big workforce which should be absorbed into the various economic activities. This has all along been the focus of our attention."

Indonesia's direct foreign investments (FDI in English provided in parenthesis) is relatively small compared with other those of countries. Indonesia's total investments and the FDI are, comparatively, well below those of Singapore's.

Apart from this, Saleh Affif said Indonesia truly desires to boost its nongas exports, which could be done through more investments.

He said the government will launch a series of deregulations after the launch of the Government Regulation No:20/1994. Speaking after a meeting with other ministers, he said, "I attended a meeting with other ministers just now to discuss issues which we should embark upon during the next issuance of deregulation packages."

He said, "You will have to wait. The government will announce more deregulation packages soon with regard to the reduction of import tariffs and the deregulation of the List of Negative Investments, DNI." In other words, more economic sectors will be handed over to foreign investors.

Seizing the opportunity, Saleh Affif added that with the launch of the new deregulation package, Indonesia has advanced a step forward from its other leading competitors toward attracting more foreign investments.

The newsmen also asked Saleh Affif several questions in connection with the stability of the recently launched deregulation package. This was because Information Minister Harmoko disagreed with the notion of permitting foreign investors to enter the mass media sector. Besides, the Communications Department stated that it was not called to participate in the debate on the issues of Government Regulation No:20/1994.

The newsmen asked," Was there any coordination prior to the discussion on the deregulation which created the ongoing skepticism?".

Saleh Affif only smiled and said, "In fact, there was coordination."

He clarified that public views on opening the mass media to foreign investors were discussed during his meeting with a number of ministers. He said,"To avoid any misunderstanding, we have submitted the issue to Minister-State Secretary Murdiono for his decision."

Meanwhile, speaking after the opening of a training course on the utilization of resources for medium- and small-scale entrepreneurs in Ceper, central Java, Subiakto Tchakrawerdaya, Minister for Cooperatives and Development of Small Enterprises said the government will not allow the small enterprises to evaporate even though no limit on investments was imposed for foreign investors. This means that the government will plan several effective strategies to secure the position of the small enterprises.

Such strategies would be to find the best methods to create more sub-contracting activities for the small industries. Another method would be for the government to extend credit facilities with low interest rates and to provide market access and so on.

Subiakto said, "Please believe that the government has no intention whatsoever of doing away with the cooperatives and small enterprises by allowing foreign investors to participate in the various sectors. In fact, the government hoped that by announcing the Government Regulation No:20/1994, it would be able to assist the small enterprises to benefit through business opportunities."

Such a step could be undertaken by cooperatives and small enterprises through joint ventures with foreign investors in the public or other sectors. The small enterprises and cooperatives could then provide the manpower and raw materials while the foreign investors could could assist in extending their technological expertise, finance, and market access. [Passage omitted]

Editorial: Need More Debates

BK2106101094 Jakarta KOMPAS in Indonesian 9 Jun 94 p 4

[Editorial: "Government Regulation No:20/1994 Needs In-Depth Debates on Implications and Objectives"]

[Text] Article 5 of Government Regulation No:20/1994 on the ownership of shares by foreign investors states as follows:

"Industries, which are set up in accordance with Article 2 of Sentence 1A, are allowed to conduct businesses in important national and public industries such as ports, production and transmission of electricity supply to the public, telecommunications, maritime services, rail services, atomic energy generating plants, and the mass media."

The focus of attention that caused public concern was the issue on foreign investors being given permission to invest in the mass media. The press, parliamentarians and even certain members of the government, were observed to have reacted strongly to the issue without making any prior effort to understand the actual situation.

The situation became indisputable only after the president clarified the issue to Information Minister Harmoko. The implementation of Government Regulation No:20/1994 still needs the president's final approval. The president will refer to and apply the relevant existing laws and regulations before giving his final approval.

Regarding the press, there is Regulation No:21 of 1982. The regulations forbid foreign investors to own press media. Therefore, in implementing Government Regulation No:20/1994, particularly for the mass media, the president will definitely invoke Regulation No:21. In other words, foreign investors cannot own the mass media.

As such, it was a relief to acknowledge that the anxiety on the issue related to the mass media had somewhat subsided.

What about the implications of Government Regulation No:20/1994 regarding laws governing the electronic mass media such as television—the regulations that have yet to be set up? For the moment, there was no reaction to this issue. It may emerge sooner or later. This is because the electronic mass media's implications are parallel to those of the print media. It should be reminded that the television sector is more open and susceptible to control by foreign investors compared with the print media.

Meanwhile, it was observed that the decisions, which were included in Government Regulation No:20/1994 on the mass media, were not strongly directed toward the electronic mass media.

Such things happen everywhere. The electronic mass media, such as the television, needs huge funds and the most modern technology. The acquisition of programs is more of a transnational nature. As acknowledged, the United States dominates the entertainment and news programs.

If it were true that the foreign investors' presence in the mass media would enhance their footing in the electronic mass media, then they could similarly do so in the print media. This should be food for thought.

Furthermore, we are currently facing changes to globalization and the information era. Strong influences are not within our reach nor under our control.

It was also acknowledged that competition also exists in other countries between the electronic mass media and the print media, particularly the television sector.

In this regard, the public sector was seen to reflect a positive attitude toward Government Regulation No:20/1994.

Government Regulation No:20/1994 should be accepted by the public with an open and positive attitude. The public needs to be involved in discussions, particularly in issues pertaining to the implementation and supervision of mutual interests. If a serious concern prevails on the part of the public regarding such matters, then important and pertinent issues should not be brushed aside.

The public's principal concern was that there was no coordination during the preparation of Government Regulation No:20/1994, which was later presented to the public. This was observed when more than one minister stated that they were not invited to participate in the consultations. Therefore, the coordinating minister should provide explainations should there be queries.

It was possible that such an issue was overlooked. Such a move was not beneficial. Thus, the president's aides were considered responsible for the weakness or lack of coordination.

There were numerous public opinions in this regard. There were those of the opinion that the lack of coordination was not a new issue while others created a humorous acronym, KISS, which when expanded means that each official is living in his own castle. Then there are persons who considered that coordination had never been smooth, and the current situation remains unchanged. It was considered that coordination is deteroriating.

The various opinions and evaluations were considered to be constructive. One thing is clear. We need to have a smoother and more effective coordination no matter how we may view the current situation of coordination. The government, and particularly the presidential aides, needs to coordinate this issue more effectively.

Coordination is much needed because the challenges and issues we are facing are becoming more complex and difficult, and they exist within a dynamic and intensifying condition—in the socioeconomic, sociopolitical and other sectors that lie within the flow of dynamic reforms. Therefore, the present need for coordination is much greater than before.

The objective, purpose, and implication of Government Regulation No:20/1994 are ethical, far-reaching, and strategic in ensuring the continuation of development. Its aim and background is clear, that is, to turn Indonesia into a more competitive nation that can attract more foreign investors.

Let there be an open public discussion on the issue of the far-reaching implications and the possibility of finding some alternative ways to attract foreign investments. A truly wholesome discussion is hoped for in the effort toward procuring optimum benefit from Government Regulation No:20/1994 and in sharing the prosperity with the public. At the least losses within the public interests could be reduced.

Daily's Reaction

BK1806075694 Jakarta THE JAKARTA POST in English 8 Jun 94 p 4

[Editorial: "Concern Over Deregulation"]

[Text] The great concern, despite the resounding positive reactions, aroused by the May 19 deregulation of foreign investment is quite understandable. The move opens wide areas of public utilities such as sea and air transportation, seaports, drinking water, railways and power generation and distribution to direct foreign investment. The hiccup was made even stronger because the mass media industry itself was opened to foreign majority ownership in violation of the Press Law of 1982.

Several analysts, including noted economist Kwik Kian Gie, have argued strongly that opening public utilities and services to foreign investors is contrary to Article 6 of the Foreign Investment Law of 1967. We think however, the article still allows foreign investment in those public utilities, not in the form of wholly-owned ventures, but through joint ventures with domestic interests. The article completely bans foreign investment only from the production of weapons, ammunition, explosive materials and other war machinery.

Nonetheless, the reactions and concern we have heard so far were, by and large, not so much against foreign investors' involvement in the sector of public utilities, but rather questions as to how the government would control and manage the public utilities owned by foreign businessmen.

The questions, to a certain extent, are legitimate. Similar to upstream industries which strongly influence the performance of downstream plants, pubic utilities have a far-reaching impact on both the business sector and the general public. It is perhaps also quite difficult for the general public to imagine, for example, that seaports can now be owned and operated by foreign entities.

Despite these legitimate concerns, we nevertheless think it is too early to presume that the latest policy measure is detrimental to the public interest. In fact, judging from our experiences with the control or monopoly wielded by our own private sector over some industries, we cannot say that it would have been better to only open those public utilities to domestic private investors.

On the other hand, foreign ownership or management is not automatically inimical to the public interest as the case of our customs inspection of imports has shown. The transfer of the customs inspection authority from our

Customs and Excise Tax Directorate General to the Swiss Societe Generalede Surveillance (SGS) in 1985 has fully achieved its objective and satisfied both the government and businessmen. The government has been satisfied because under-invoicing and over-invoicing practices have been minimized. Businessmen have been pleased with the much smoother flow of imports and the much lower import costs. So great has been the SGS performance that businessmen are now worried because SGS is being phased out of Indonesia's customs inspection.

We think the government is capable of preventing or minimizing any potential damage of the foreign investment liberalization. As we noted in this column over the weekend, Government Regulation No.20/1994 regarding the foreign investment liberalization has yet to be translated into technical directives or guidelines through ministerial decrees. The technical directives can be designed to safeguard our national interest and to ensure that the measure will attract more foreign capital and channel the foreign investment to improve economic efficiency, job creation, transfer of technology and skills as well as export promotion.

We therefore ask the government not to overreact to the concern over the foreign investment liberalization. Doing so might prompt the government to make the technical directives so complex and arduous as to nullify most stipulations of the regulation itself. It is most important to make the directives clear-cut and the process of licensing foreign investment in public utilities fully transparent to prevent the impression that the deregulation was designed mostly to benefit particular domestic private companies with strong political connections.

Editorial Hails Policy

BK1906135394 Jakarta SUARA PEMBARUAN in Indonesian 4 Jun 94 p 2

[Editorial: "A New Breakthrough in the Investment Field"]

[Text] The government's decision to issue a deregulation package to open new areas to foreign investment is a new breakthrough in the field of investment. The deregulation measure also opens many business activities that supplement the basic needs of the people in their daily life. As a matter of fact, the government has taken a very daring move to issue the new investment deregulation measure. The new deregulation package on investment was announced to newsmen by Murdiono, minister/state secretary, at his office in Jakarta on Thursday, 2 June. Murdiono was accompanied by ministers in charge of the measure. Now that the deregulation package has been issued, it looks like the government is determined to make the country more attractive to foreign investors to face the keener and stiff competition in the international capital market.

The latest deregulation measure is contained in Government Regulation No. 20/1994 on shareholding in companies and it was approved by President Suharto on 19 May. Under Government Regulation No. 20/1994, foreign investment can be set up in two forms—wholly-owned foreign enterprises and joint ventures. The foreign investor is allowed to hold up to 95 percent share of the joint venture, and a 100-percent share of the wholly- owned investment. According to the previous regulation, foreign investors were required to gradually reduce their shareholdings to 51 percent after the 20th year of business. This means the foreign investor was forced to become a minor share holder of the business.

It is interesting to carefully note that under the new deregulation package, foreign capital in joint venture projects can now enter into business activities that are considered strategic to the nation and which cater to the needs of many people. The new regulation opens seaports, telecommunications, power, civil aviation, sea transportation, production of potable water, railway, nuclear power, and mass media to foreign investors. It looks as if the government made a breakthrough in the capital investment to revitalize foreign investment, to overcome limited infrastructure facilities, to create a lot of job opportunities, and to boost the exports of nonoil and nongas commodities.

While the public sector is now opened to foreign capital, we have to further scrutinize the legal aspects and the implications of the deregulation package. Section 33 of the 1945 Constitution stipulates that various kinds of production activities that are strategic to the nation and those that cater to the needs of many people, should be controlled by the state.

However, according to Sanyoto Satrowardoyo, minister for investment development, the Government Regulation does not contradict the 1967 Law No. 1 on Foreign Investment. Meanwhile, Murdiono, minister/state secretary, said that the latest deregulation package on foreign capital investment clearly defines the 1967 Law No. 1. On the other hand, we should realize that there must be objective, effective, and timely adjustments to suit the rapidly developing situation.

Five years ago, developing countries like PRC, Vietnam, Bangladesh, and India were considered to be closed to foreign capital investment. Nowadays, we are facing keener competition from these countries in attracting foreign investment in response to the process of globalization.

Another main reason for the announcement of the deregulation on foreign investment is to enable the economy to grow above 6 percent, which has been fixed as the precondition to overcome unemployment. This is because population growth in Indonesia is still relatively high. Indonesia needs at least 660 trillion rupiah in new investment during the current sixth five-year development plan and 73 percent of the total is expected from private investment, including foreign capital.

Still, despite the seemingly attractive incentives offered by the new regulation, will the foreign investors be attracted to invest in Indonesia and can the foreign capital increase the limited funds owned by the local private sector? There are other factors that determine the investment climate in the country. They are, among others, economic and political stability and the risks from growing corrupt practices and collusion. Accordingly, we should exercise caution against such country risks [preceding two words in English] to attract foreign capital.

Besides, the foreign capital that is invested in vital public sectors should be fully controlled, supervised, and managed by the state. Otherwise, the risks are very high.

Foreign Investment Increases During Apr-May

BK1806103794 Jakarta THE JAKARTA POST in English 9 Jun 94 p 8

[Text] Jakarta (JP)—Total foreign investment commitments, which declined more than 80 percent in the March-April period to US$411.65 million, grew by more than four times to $1.78 billion in the 16 April-May 15 period. The Investment Coordinating Board (BKPM) said in its latest monthly report yesterday that domestic approved investment commitments in the April-May period also increased to Rp [rupiah] 4.85 trillion ($2.25 billion) from Rp 3.08 trillion ($1.43 billion) in the previous monthly period.

The report explained that foreign investments approved by the government during the April-May period were committed for 37 new projects worth $697.51 million and for 26 expansion projects worth $1.12 billion. In comparison, during the March-April period, the government approved 30 new projects worth $300.25 million and 14 expansion projects worth $111.40 million.

Yesterday's report also noted that the domestic investment commitments approved in the April-May period comprised 84 new projects valued at Rp 3.49 trillion and 43 expansion projects valued at Rp 1.35 trillion. In the previous period, the government approved 44 new projects worth Rp 2.27 trillion and 13 expansion projects worth Rp 809.36 billion.

The report showed that the largest foreign investment commitment approved in the April-May was made by PT [Company Limited] Led Borneo Cement, which will invest $440.13 million for a cement plant in South Kalimantan.

The other new foreign projects include:

—A $59.5 million office building construction and management project owned by PT Batavia City Realty in Jakarta.

—A $38.87 million hotel project in Irian Jaya owned by PT Alatief Freeport Hotel Corporation.

—A $20 million cottage resort project in Bali owned by PT Bali Permai International.

The foreign expansion projects include:

—A $738.97 million industrial paper plant in Riau owned by PT Indah Kiat Pulp and Paper.

—A $100 million viscose and sulfuric acid plant in West Java owned by PT South Pacific Viscose.

The new domestic investments include:

—A Rp 454.1 billion polyester filament and textile plant in West Java owned by PT Tresna Tara Sekawan.

—A Rp 496.62 billion ferrous and non-ferrous forging plant in West Java owned by PT Perkasa Indobaja.

—A Rp 258.5 billion domestic and international shipping company in Bali and to operate throughout Indonesia owned by PT Trans Indo Pacific.

—A Rp 229.52 billion machinery components plant in West Java owned by PT Perkasa Heavindo Engineering.

—A Rp 85.16 billion coconut oil plant in Jakarta owned by PT Humpus Graha Nabati.

—The domestic expansion projects include:

—A Rp 276.7 billion industrial pulp plant in East Java owned by PT Kertas Basuki Rakmad.

—A Rp 204.5 billion building ceramic plant in West Java owned by PT Mulia Keramik Indah Jaya.

BKPM also announced yesterday that it had canceled two domestic investment projects, including a flour and macaroni plant in Jakarta, West Java and East Java owned by Bogasari Flour Mills Timber Industries and a cacao and hybrid plantation in Lampung owned by PT Taru Prakarti.

The report also specified that the licenses for three foreign projects have been canceled. They were an umbrella manufacturing plant in Jakarta owned by PT Ever Glory Umbrella, a razor manufacturing plant in West Java owned by PT Gillette Indonesia and an electronics components plant in West Java owned by PT Hyundai Bestronik.

Central Bank Governor Discusses Problem Loans

BK1906140994 Jakarta THE JAKARTA POST in English 9 Jun 94 p 1

[Text] Jakarta (JP)—Problem loans at all banks in the country declined from Rp [rupiah] 20 trillion (US$9.2 billion) last November to Rp 18.8 trillion ($8.7 billion), 10.2 percent of the total credits outstanding as of March, Governor of Bank Indonesia [Central Bank] Sudrajad Jiwandono says.

"Of the problem loans, some Rp 12.2 trillion were classified as doubtful credits and Rp 6.6 trillion as bad loans," Sudrajad said.

He said compared to the situation last November, the doubtful loans as of March reflected a 13.1 percent decrease but the bad credits posted a Rp 1 trillion or 6.5 percent increase.

The Central Bank chief told the House members that state banks accounted for Rp 8.6 trillion of the doubtful loans and Rp 4.4 trillion of the bad credits.

"The doubtful loans at the state banks represented 8.9 percent of their total lending and the bad credits 4.6 percent," he noted.

He noted that the total banking credits outstanding as of March were Rp 183.6 trillion, of which Rp 95.2 trillion belonged to the seven state banks and some Rp 88.4 trillion to private banks.

Private national banks, however, recorded a better performance because their doubtful loans amounted only to Rp 2.9 trillion or 4.9 percent of their total lending and their bad credits Rp 1.5 trillion or 0.8 percent of their total credits.

According to Sudrajad, foreign and joint-venture banks incurred only Rp 300 billion in doubtful loans and bad credits, which together represented 1.9 percent of their total lending.

"Bank Indonesia in cooperation with the World Bank is now studying the possibility of setting up a special institution to take over the problem loans," he added.

Sudrajad said investigations made jointly by a special team of Bank Indonesia and experts from the World Bank since 1992 concluded that the major cause of problem loans was poor management and inadequate credit assessment.

"The inadequate credit assessment seems to have been caused by the fierce competition since 1990 that forced many banks to resort to "go go lending" to maintain market shares," the governor pointed out.

He said the central bank had discussed the findings of the team with the directors of the banks concerned and firm measures had been taken to cope with the problem loans and to prevent recurrence of non-performing assets.

The findings of the team also prompted the Central Bank to order state banks to closely monitor the performance of their 50 largest borrowers.

"We have also instructed state banks to strengthen their boards of commissioners (supervisors) with experts, Sudrajad added.

According to the governor many banks seemed to fail to require high professional standards from their commissioners (supervisors).

"Therefore, we have tightened the requirements for bank commissioners and have instructed the board of commissioners of every bank to submit a twice yearly report on their supervision activities," he said.

Bank internal auditors also have been ordered to send the findings of their audits to the board of commissioners, Sudrajad added.

The Central Bank, he said, is also improving procedures for prohibiting bad debtors from becoming shareholders or executives of banks.

"Bank Indonesia has ordered banks to submit periodical policy statements on big loans extended to individual or corporate borrowers who are related to bank owners or executives." Sudrajad said the Central Bank also would eventually oblige banks to write off their problem loans from their balance sheets and if this measure resulted in adequate capital these banks would have to increase their capital.

"If they fail to increase their capital, these banks will be required to merge with other banks," he added.

Meanwhile, State Minister for Development Planning Ginanjar Kartasasmita told a separate hearing with the House yesterday that Indonesia's official foreign debts (based on disbursement) as of March totaled $55.03 billion.

"Around $38.16 billion of the total were given by Indonesia's creditors affiliated with the Consultative Group on Indonesia and the other $16.87 billion were derived from other sources," he said.

* High-Cost Economy Blamed for Drop in Exports

94p30070 Jakarta KOMPAS in Indonesian 30 May 94 p 5

[Editorial Report] The 30 May Jakarta KOMPAS in Indonesian on page 5 reported that, according to the Indonesian Chamber of Commerce and Industry (Kadin), Indonesia's high-cost economy and the absence of Indonesian trading companies abroad are causing a drop in exports. Also included in the specific problem areas cited by Kadin's President Aburizal Bakrie were the legal and illegal levies on investment licenses, a "weak" industrial structure, and "less than skillful" businessmen.

One of Aburizal's suggestions was for businessmen to establish marketing offices overseas. Kadin's president also pointed out that it can no longer be assumed that low wages and an abundance of natural resources are sufficient to make Indonesia competitive against countries such as Vietnam and Sri Lanka. Aburizal hopes that there will be "greater transparency" on the part of the government and that it will formulate deregulations and tariffs with a view toward competitiveness and less government intervention.

Laos

Memorandum on Archiving Assistance Signed

BK2006132094 Vientiane KPL in English 0923 GMT 20 Jun 94

[Text] Vientiane, June 17 [date as received] (KPL)—The Vietnamese Archive Department has agreed to help the Lao Archive Department in training archivists and data collection.

A memorandum of understanding on the assistance was signed here between the deputy director of the Lao department, Thongsivang, and his Vietnamese counterpart, who is on the current visit to Laos.

According to the memorandum, the Vietnamese side will help train Lao technicians in this field and collect information on Lao archives. Both sides also will exchange technicians concerned with archives.

PRC Loan To Finance Hydropower Dam Project

BK1906135294 Vientiane Vitthayou Hengsat Radio Network in Lao 0000 GMT 19 Jun 94

[Text] The Namko Hydroelectric Dam project will be built in Oudomsai Province with a generation capacity of 1,500 kilowatts. The dam structure will consist of a 6-meter high concrete water brake to house the primary and secondary power generators located on an area of 498 square meters, propelled by water from a 1.95 by 3.275 meter window of the 836-meter long water tunnel. An irrigation canal 1,934-meters long will be built from the dam to irrigated areas. The construction of the project will begin in November 1994 and will be completed within 26 months with a loan of 59.9 million yuan from the PRC Government. A construction contract for the project has already been signed with the PRC's National Comprehensive Tools Import-Export Company.

The contract to build this hydroelectric dam was signed in Vientiane on 17 June between Sommano Phonsena, representing the Electrification Installation Company of the Lao People's Democratic Republic [LPDR] and Ms. (Ze Ping-fu), representing the PRC's Comprehensive Tools Import-Export Company, in the presence of Somboun Latsasombat, LPDR deputy minister of industry and handicrafts; Li Jiazhong, PRC ambassador extraordinary and plenipotentiary to Laos; and a number of cadres concerned from both sides.

Houa Phan Province Installs Power Grid

BK1706161994 Vientiane KPL in English 0931 GMT 17 Jun 94

[Text] Vientiane, June 17 (KPL)—The installation of 35-kv power grid stretching more than 100 km from the Socialist Republic of Vietnam to three districts of Houa Phan Province of Laos has started.

Houa Phan is a Lao northeastern province bordering with Son La of Vietnam. The three beneficiaries are Siangkho, Sam Neua, and Viangsai.

According to Mr. Sangthong Phimmachak, chief of the industry and handicraft service and coordinator of the province, the installation and construction is divided into three stages. The survey, the first stage, is scheduled between June 7-July 10. The calculation and design, the second stage, is to be completed by the end of July. The installation and construction of the power line is expected to start by the beginning of August 1994 and end by the end of May 1995.

Funded by the Lao Government, the project is undertaken by the Electricity Company No. 1 of the Socialist Republic of Vietnam.

Electrification in the three districts of Houa Phan is aimed at developing rural areas, reducing the slash-and-burn practice and introducing a new way of farming to the locals.

Philippines

Imports Said Not Exempt From 'Tariffication'

BK2106072294 Quezon City Radio Filipinas in English 0230 GMT 21 Jun 94

[Text] Officials of the Department of Trade and Industry [DTI] pointed out that the new accord forged during the final negotiation of the Uruguay Round of the General Agreement on Tariffs and Trade does not exempt the United States from tariffication of its sugar imports.

The DTI's Bureau of International Trade Relations [BITR] clarified that the decision of the United States to maintain its present level of sugar importation, including the substantial amount exported by the Philippines, is based precisely on the conversion of its quantitative restrictions on the import of that product to tariff equivalents. This, in effect, is what the principle of tariffication is all about. BITR Director Antonio Buencamino pointed out that conversion of import ceilings to tariff increases to effect the same degree of protection for country's competitive industries.

The clarification is made in the wake of assertion of Sugar Regulatory Administration head Rodolfo Gamboa that the U.S. quota system, which presently employs tariffs, received an exemption from the GATT agreement under the Uruguay Round.

Manila, Beijing Agree on Spratlys

BK2006145294 Manila BUSINESS WORLD in English 17 Jun 94 p 12

[Text] The Philippines and China have agreed to explore the possibility of undertaking joint efforts in developing the resources in the South China Sea, Foreign Affairs Undersecretary Rodolfo Severino said after the annual bilateral consultations between the two countries ended yesterday. However, the question on mineral resources in the contentious area won't be included in the joint efforts at the moment since it might only create friction between the two countries, he said.

The Philippines and China both lay claim to the islands in the South China Sea along with Vietnam, Taiwan, Brunei, and Malaysia. The islands are believed sitting atop rich resources of oil and minerals. They are also considered an important sea lane.

The joint efforts between Manila and Beijing are expected to start next year as soon as internal consultations among government agencies concerned begin. Mr. Severino was likewise informed by the Chinese delegation, headed by Assistant Foreign Minister Wang Yingfang, that Beijing prefers to deal with the South China Sea issue on a bilateral level, although they are also open to discussing the issue with more than two claimants.

On the issue of Hong Kong reverting back to China, Mr. Wang assured government the status of Filipino workers and local companies in the British colony will not be affected by the time the island reverts to Chinese sovereignty in 1997. "This is in line with the fact that the social system will not change, even after the transfer of sovereignty. They don't even have objections to the extradition treaty we had initialed with Hong Kong. They said it will remain valid as long as China is consulted even after 1997," Mr. Severino said.

The two sides also discussed the need for more political consultations between the Association of Southeast Asian

Nations and China, particularly on regional security issues. Although the One China Policy was tackled, Mr. Severino declined to give further details on what the two panels discussed. He said he assured Beijing that Manila will continue to adhere to the One China Policy.

Government, NDF Release Statement

BK2006141494 Manila PHILIPPINE DAILY INQUIRER in English 17 Jun 94 p 16

[Text] The government and the communist-led National Democratic Front (NDF) have agreed to hold the next round of peace talks in Europe instead of Vietnam.

"The NDF delegation and the (government) panel agreed to hold the next round of talks in the Benelux within the third quarter of this year," Howard Dee, chief government negotiator, said in a statement. He did not say where in the three Benelux territories—Belgium, The Netherlands and Luxembourg—the meeting will take place.

Neither did Dee say why Vietnam was dropped as venue but said the panels thanked Hanoi for earlier agreeing to host the talks.

Vietnam had earlier declined a request by the NDF to act as third-party mediator in the peace talks.

The government and the NDF simultaneously released to media yesterday the 10 point agreement they signed during the 10 to 14 June meeting in Breukelen, near Amsterdam.

The document showed that while the issues were discussed, they were not resolved.

The first seven points are NDF's requests and objections which the rebels said are "goodwill measures" to be voluntarily undertaken and are not to be taken as preconditions to the talks.

The joint statement signed for government by Dee and for the NDF by Vice Chair Luis Jalandoni said:

—The NDF pressed the government to "stop its policy" of treating and prosecuting political offenders as common criminals. But the government insisted there are no political prisoners.

—The Dee panel will convey to the president the NDF's request for the immediate release of political prisoners. The NDF will provide a list but stressed it does not mean they are members of the movement.

—The NDF endorsed claims for indemnification of victims of human rights violations during the Marcos regime for at least 30 percent of the money to be recovered from the Swiss bank deposits of the late strongman.

—The NDF warned the government against violating the joint declaration signed in The Hague during exploratory talks in September 1992, if it will enter into peace talks with communist breakaway factions.

The government panel said it is its own prerogative and does not consider it a violation at all.

—The NDF vigorously objected to the two amnesty proclamations of Mr. Ramos, saying it "impinges upon the organizational integrity" of the NDF. The government said another amnesty proclamation can be issued after the peace talks. Proclamations 347 and 348 were for those who have already surfaced, it said.

—The NDF also objected to Executive Order 125 as an imposition on the rebels of the Constitution. The government refuted this, saying the order merely provides adherence to constitutional processes.

The only two points of agreement were the holding of the next round and the issuance of safety and immunity guarantees for negotiators, staffers, consultants and security detail during the talks.

The panels set an eight-point agenda for the next meeting, including the review of confidence-building measures, the date-and venue of the formal talks, and sequencing of the formal agenda to be tackled prior to the talks by reciprocal committees.

Government Signs Trade Protocol With PRC

BK2006141694 Manila BUSINESS WORLD in English 17 Jun 94 p 1

[By Dahlia R. Dugtong]

[Text] The Department of Trade and Industry is harping on a $600 to $800 million trade target this year with the People's Republic of China as a result of the signing of the Protocol on the Importation and Exportation of Commodities between the two countries.

The protocol was agreed on last week in Beijing, China during the 17th meeting of the RP [Republic of the Philippines]-China Joint Trade Committee.

Trade Undersecretary Cesar Bautista also forecasts the narrowing of the trade deficit with China.

Last year, the trade deficit with China was registered at $7 million, the lowest since 1988 when trade deficit was $175 million. Mr. Bautista added that the country expects a balancing of trade with China as the latter moves towards readmission to the General Agreement on Tariffs and Trade.

Under the protocol, Mr. Bautista said the following export products from the Philippines are expected to benefit most from the trade protocol: phosphatic and compound fertilizer, fresh bananas, chrome ore, mangoes, shelled cashew nuts, copper cathodes, coconut oil, tin plates, cold-rolled steel, copper concentrate, manganese ore, phosphoric acid, fatty acid and alcohol, refined glycerine, copper wire bars, rods, floppy disk drives, black and white picture tubes, and, processed coffee.

On the other hand, the Philippines will import from China items like soya beans, light machineries for garment manufacturers, power generators or mini-hydros, Mr. Bautista identified.

While the government expects a substantial increase in trade in China, Mr. Bautista said China's investments in the Philippines will still "take a backseat," primarily because of lack of capital.

The Filipino delegation that participated in the negotiation of the protocol included Peter Chua of the Philippine-China Trade Council, Victoriano Lecaros of the Philippine Embassy in Beijing, and officials from the Department of Trade and Industry.

Cuban Ambassador Found Dead

BK2106035394 Quezon City Radio Filipinas in English 0230 GMT 21 Jun 94

[Text] Cuba's ambassador to the Philippines, Jose Luis Martin Portal, had been found dead at his Manila home, apparently from cardiac arrest. He was 49.

The Philippines' Foreign Office said Portal's body was found on Sunday evening [19 June] by his household staff, who called the police. Portal's wife and children were in Havana, and the envoy was living alone in the exclusive North Forbes Park district in Metro Manila. Police said they found no sign of foul play.

Portal assumed his Manila post in October 1990.

Thailand

Editorial: US Aid Contributes to Aggression

BK2106103994 Bangkok MATICHON in Thai 21 Jun 94 p 2

[Editorial: "'Cambodia'—The Unending Problem"]

[Text] The Cambodian problem remains unsolved as the negotiations between the Cambodian Government and the Khmer Rouge, which continues to cling to its long-held territory, have become an exercise in bargaining for power. The negotiations in Pyongyang and Phnom Penh have failed, and therefore, national reconciliation have not materialized. Both sides will continue to wage a war. The government side will try to suppress and seize the Khmer Rouge-held territory, while the Khmer Rouge will try to keep what it has.

The situation after the latest round of negotiation appears to be increasingly tense, as the Cambodian Government ordered the closure of the Khmer Rouge liaison office in Phnom Penh and eviction of the office personnel. The government said the safety of the personnel is at risk from possible attacks by indignant Cambodians. The Khmer Rouge's Khieu Samphan was once physically attacked by an angry mob in Phnom Penh.

The fact is that a majority of the Cambodian people despise the Khmer Rouge for the murders it committed and troubles it caused them during its 1975-1979 rule. The Khmer Rouge and its foreign allies must accept this fact and understand the feelings of the Cambodian people. It is not unusual that a majority of the international community have determinedly refused to accept the Khmer Rouge apology.

Moreover, the U.S. support is a factor that contributes to the Cambodian Government's increasingly aggressive position toward the Khmer Rouge. The United States has sent military advisers to train Cambodian Government soldiers. Certainly, military hardware is also given to the Phnom Penh government. The U.S. assistance has strengthened the Phnom Penh government's military position. In the meantime, the Khmer Rouge's military position is likely to weaken as time passes due to the absence of support of the majority of the population.

In such a situation, the tendency is that there will be intense fighting as the Phnom Penh government steps up its drastic suppression of the Khmer Rouge to seize its territory with the aid of the United States and its Western allies. For Thailand, there will be repercussions from the war in the forms of stray shells and influx of fleeing Cambodians. The Thai Government will have to formulate measures to prevent suspicion of the international community about its support of the Khmer Rouge. There are people who continue to refuse to understand Thailand, as evidenced by the imagination of the former U.S. ambassador to Thailand regarding Thai support of the Khmer Rouge.

Burmese Repatriation Launched at Refugee Camps

BK1706130194 Bangkok BANGKOK POST in English 17 Jun 94 p 10

[Text] Representatives of the United Nations High Commissioner for Refugees (UNHCR) visited Burmese refugee camps in Tak yesterday as part of a plan to repatriate 60,000 Burmese nationals from 13 refugee camps.

The vice chairman of the Karen Refugee Committee guided UNHCR's Ruprecht Arnim and three other representatives on a tour of two refugee camps at Ban Huai Kralok in Mae Sot and Maokoe in Ban Phopphra.

At the Huai Kralok camp, Mr Arnim told the refugees the UNHCR was considering a repatriation programme for the 60,000 Burmese nationals living in Thailand.

He said his visit was to study the living conditions of the refugees, conditions he described as abnormal.

"The UNHCR is trying to work out a coordinated plan with Thai and Burmese officials to facilitate this 'homecoming' and in seeking a permanent solution to the refugees' problems," he said.

Mr Arnim also said a central committee to supervise the repatriation would have to be created to guarantee the returning Burmese would not be harmed or come under undue pressure from the State Law and Order Restoration Council (SLORC).

This group of UNHCR representatives has been in Thailand on a National Security Command-approved mission since June 12. They are to visit refugees camps in Chiang Mai, Mae Hong Son and Tak.

The group will meet with Third Army officials in Phitsanulok today.

The Third Army Task Force 34 Coordinator in Mae Sot, Col Phongsak Suksawat, said both Thailand and Burma had already started repatriation talks at the Thai-Burmese Border Committee level last month. The talks were headed by First Army commander Lt-Gen Chettha Thanacharo and Burmese South Eastern Force commander Maj-Gen Khet Sein.

Col Phongsak said the committee assigned local Thai and Burmese officials to consider the repatriation of the 60,000 Burmese refugees from the 13 camps along the border.

The majority of the refugees are Karen who escaped Burma from the area under Karen National Union [KNU] control during the May 16 SLORC drive against the KNU.

The Task Force coordinator said there was no longer fighting along the Tak border.

"SLORC and the KNU have agreed to formal peace talks," he said.

He also said 3,000 Karens had been repatriated safely and had been living without disturbance from SLORC for over a month.

ROK President Previews Talks With Chuan

BK2106055894 Bangkok BANGKOK POST in English 21 Jun 94 p 4

["Excerpts" of Written Interview With ROK President Kim Yong-sam by POST editor Phaisan Sicharatchanya last week ahead of Thai Prime Minister's Chuan Likphai Visit 23 Jun]

[Text] Q: What specific issues of bilateral significance will you raise for discussion with Thai Prime Minister Chuan Likphai during his forthcoming visit to Seoul?

A: I will discuss with Prime Minister Chuan ways of deepening the ties of friendship and cooperation between the Republic of Korea and Thailand and of promoting share prosperity in the Asia-Pacific region.

First of all, we will focus our attention on how our two countries should pull together to resolve the North Korean nuclear issue, which is threatening the security of not only this region but also of the entire world. We will also conduct in depth discussions on ways to boost substantive bilateral economic cooperation, especially by expanding the flow of trade, investment and people between our two countries. Views will also be exchanged on how to strengthen Asia-Pacific regional cooperation, primarily through the Asia-Pacific Economic Cooperation forum.

Q: Where does Thailand stand in South Korea's conduct of foreign affairs and international economic relations? How do you envisage bilateral Korean-Thai relations to develop from now?

A: As part of its New Foreign Policy, our Government is attaching great importance to Southeast Asia. As a key member of ASEAN Thailand is playing a major regional role. I applaud your countries for taking the initiative in creating the ASEAN Free Trade Area (AFTA) and for having striven so hard to promote stability on Indochina.

Later this year, in its capacity as the chairman of ASEAN, Thailand will host the first meeting of the ASEAN Regional Forum, at which a multilateral dialogue on Asia-Pacific security will be conducted for the first time. I am hopeful that this forum will greatly contribute to peace and security in this region.

My view is that our two countries will be able to further expand mutual ties, especially by more actively conducting bilateral and multilateral efforts to promote regional prosperity and security. In view of the fact that Thailand, which occupies an important position in the ASEAN and Indochinese economy, is continuing to grow rapidly, I believe the importance of your country as a diplomatic and economic partner for us is increasing faster than ever.

Just as Korea is located at the centre of Northeast Asia, so is Thailand serving as a bridge between ASEAN and Indochina. Accordingly, I think Thailand is an important base for Korean businesses venturing into Indochina and Myanmar (Burma).

It is true that nowadays, our two countries are competing against each other on the international market in a limited range of products like garments and footwear. My view is, however, that there is a great potential for complementary and mutually advantageous economic interaction between our two countries in many areas.

[Text] Furthermore, since both Korea and Thailand have sustained a high growth rate on the strength of outward-looking development strategies and the industriousness of their peoples, I believe that our two countries are in a unique position to lead economic growth in the Asia-Pacific region. I hope and expect that building on its long-standing, open-door policy for all regardless of ideological differences Thailand will be able to significantly contribute not only to the stability of the Korean Peninsula but also to the stability and prosperity of Southeast Asia and the Asia-Pacific region in general.

Q: How do you envisage South Korea's economic relations with ASEAN and Indochina to develop taking into account your country's close economic ties with neighbouring countries in Northeast Asia?

A: In the wake of the end of the Cold War, China and Vietnam—the major Asian socialist countries—are rapidly emerging as major markets for the Republic of Korea (ROK). Korean businesses are briskly moving into those lands to combine their technology and capital with the abundant human and natural resources there in a complementary and mutually beneficial fashion.

My view is that the business climate is also greatly improving in the ASEAN countries as they continue to achieve rapid growth, thus joining the ranks of the newly-industrialised economies. They are also opening their markets ever wider and intensively investing in social infrastructure. Consequently, there now are emerging greater opportunities for the Republic of Korea and ASEAN to develop complementary economic ties, especially by sharing their accumulated developmental expertise and information.

In particular, I believe it advisable for the ROK and Thailand and other ASEAN to enter joint ventures in Vietnam and neighbouring Indochinese countries, now that their relations with the United States are improving and they are emerging as attractive targets for foreign investment.

To further expand ROK-ASEAN economic cooperation, I think it is necessary that the emerging and contemplated sub-regional groupings, such as AFTA and EAEC (the East Asian Economic Caucus), be open economic communities, rather than closed trading blocs.

Q: What specific policies does South Korea intended to adopt vis-a-vis Indochina (Vietnam, Cambodia and Laos)? Does your government intend to pursue such policies by going it alone or in partnership with any country in ASEAN?

A: Korea normalised diplomatic relations with Vietnam in December 1992, and will do so with Cambodia and Laos in due course. Presently, we are contributing to the efforts of Vietnam to rebuild its economy. We hope that we will be able to promote economic exchanges and visits with Cambodia and Laos even prior to the normalisation of diplomatic relations. We know that our policies toward these countries are in line with the efforts of ASEAN to promote the peace, stability and prosperity of the nations in the region.

Q: Does your government have any clear-cut policy on helping to bring about positive political and economic changes in Burma?

A: We are very interested in the development of Myanmar and hope that it will be able to smoothly achieve democratisation as well as economic development. It was in this context that our Government welcomed the Myanmar Government announcement in April 1992 of the release of political prisoners along with a timetable for democratisation.

The Korean Government has, in fact, been positively considering offering Myanmar assistance from the Economic Development Cooperation Fund to help promote its economic well-being. We also plan to study ways to cooperate with other ASEAN nations in supporting the democratic development and economic reforms of Myanmar.

Q: What does South Korea hope to achieve from its participation in the ASEAN Regional Forum?

A: We hope and expect that the forum will gradually build a security regime in the Asia-Pacific region. As the forum is comprised of nations that have had hostile relations in the past, we believe that it should gradually build a climate of mutual trust through free discussion of issues of mutual concern including politics and regional security, rather than attempting to resolve all pending issues en bloc.

We understand that the forum's initial conference will be held in July with the participation of the foreign ministers of 18 countries in the Asia-Pacific region. We believe that that meeting will be very significant as it reflects a common concern about regional security and cooperation.

Q: What role does South Korea expect Japan to play in the broader framework of regional security in the Asia-Pacific region? Should Japan assume a bigger security role in areas such as regional and international peacekeeping?

A: Now that the Cold War era is over, Japan will be able to play a strengthened role commensurate with its economic power, and increase its responsibility for the peace and prosperity of the region. However, it should not be overlooked that the unfortunate experience which the nations in the region suffered in the past has caused Japan's neighbors to be wary about its emergence as a major military power in the region. Therefore, Japan should spare no effort to remove such anxiety.

Q: What specific measures do you propose to resolve the confrontation on the Korean Peninsula? And how do you propose to go about implementing these measures?

A: Due to increasing doubts about North Korea's nuclear development and its withdrawal from the International Atomic Energy Agency (IAEA), tension has been mounting, not only between South and North Korea but in the international community, which is seeking sanctions against North Korea.

There will be no easing of tension between the South and the North as long as North Korea refuses to return to the IAEA and settle the nuclear issue. However, if the North Korean nuclear issue is resolved, it will be possible to promote mutual prosperity by implementing the various South-North accords worked out in the past. We are ready to substantially implement all the accords by activating all those South-North joint organisations already established or to be established by agreement.

Iranian Bomb Suspects Remanded in Custody

BK2106063494 Bangkok THE NATION in English 21 Jun 94 p A4

[Text] The Criminal Court yesterday remanded for 12 more days three Iranian men arrested for suspected involvement in the truck bomb plot against the Israeli Embassy uncovered in March.

The suspects are Hossein Shahriari Far, 29, Babak Taheri, 25, and Hammad Habadi Ariwi, 32. They have already been in police custody for 18 days.

According to the law, police can first detain criminal suspects for seven days before having to file charges. If they cannot finish the interrogation in one week, they can seek a court order twice remand the suspects for further periods of 12 days each. The first remand was approved by the court on June 8.

Police Maj Pakon Kittiwat, who is heading the investigation, asked the South Bangkok Criminal Court to remand the suspects for a further 12 days from today pending further inquiries.

Pakistani Arrested in Plot Against Prince

BK2106040794 Bangkok BANGKOK POST in English 21 Jun 94 p 1

[Text] Police have arrested a Pakistani and are hunting another on suspicion that they were involved in a plot to harm the Nepalese Crown Prince at the Asian Institute of Technology (AIT) in Pathum Thani on Sunday evening [19 June].

Crown Prince Dipendra Bin Brikram Shadey, 22, arrived in Thailand on Sunday to attend a four-day geography course until June 23 at the AIT before beginning his official visit from June 24-27.

The two suspects, identified as Mohamad Javet and Shakil Ammad, on Sunday allegedly hired a passenger pick-up truck to the AIT where they told the reception office they were the prince's guests.

Security officers asked the suspects to show their passports. Javet claimed he did not have it with him and left in a car parked nearby purportedly to get his passport.

The security officers became suspicious and contacted Khlong Luang District police to come and arrest the remaining suspect, Shakil Ammad.

Ammad was taken for questioning at the district police station.

Ammad claimed to be an engineer with a well-known construction company. But the company when contacted by police investigators, denied the suspect's name was on its list of employees.

Ammad was intensively interrogated throughout yesterday after the Police Department ordered Khlong Luang police to urgently investigate the case.

Police manning checkpoints have been ordered to be on the alert to prevent the other suspect still at large from fleeing.

Police said they had "hard evidence" to support their belief that the two suspects were involved in a plot to harm the Nepalese Crown Prince.

According to police information, Javet had been in Thailand for several days while Ammad arrived in Bangkok on Saturday.

Failure of Cambodian Talks Discussed

BK1806110894 Bangkok BANGKOK POST in English 18 Jun 94 p 6

[Text] Thailand yesterday suggested the Cambodian government and the Khmer Rouge try to agree on the agenda before starting peace negotiations to ensure progress.

"It is better than talking about the issues which each side cannot accept.

"Otherwise, there would be no breakthrough," Foreign Minister Prasong Sunsiri said when asked to comment on the failure of the round-table discussions in Phnom Penh on Thursday.

The second round of talks, which resumed on Wednesday following the one hosted by King Norodom Sihanouk in Pyongyang last month, was a deadlock as both sides could not agree on the agendas.

Sqn Ldr [Squadron Leader] Prasong reiterated that the peace negotiation could not be successfully concluded in just one meeting and encouraged the Cambodian leaders and the Khmer Rouge representatives to find opportunities for more talks.

KR, Development Seen as Main Problems

BK2106070594 Bangkok BANGKOK POST (INSIDE INDOCHINA Supplement) in English 21 Jun 94 p 1

[Report by Brian Hansford]

[Text] Sitting down together rather than shooting one another is the main achievement of Cambodia's coalition politicians, according to Second Prime Minister Hun Sen.

"Parties have turned from confrontation to cooperation, politically and militarily, in the months of the coalition government. This is the biggest favourable point in the last 20 years," Hun Sen told Inside Indochina.

The interview took place before Interior Minister Yu Hokkri ordered the closure of the Khmer Rouge [KR] office in Phnom Penh, citing the failure of peace talks.

Hun Sen denies that dialogue is superficial. He acknowledges there are disputes at lower levels of Phnom Penh's administration, but says they are not necessarily political disagreements between the main coalition partners of FUNCINPEC [National United Front for an Independent, Neutral, Peaceful and Cooperative Cambodia] and the Cambodian People's Party [CPP].

"Cooperation between Prince Ranariddh and me is good. We seem to be coming from one party," said the CPP's top man in government.

"I do not mean all our officials have such good cooperation but differences between officials do not require many parties. I used to lead a government with one party and used to experience differences between provincial governors and deputy governors or ministers and deputy ministers who come from only one party."

Hun Sen made clear that he believes the country's main problem is the Khmer Rouge rather than coalition politics.

"I am fed up with this matter (of outlawing the guerrillas) because in such a state of hesitancy it's difficult for me to work," said Hun Sen repeating his wish to outlaw the Khmer Rouge during the next session of Cambodia's parliament.

Cambodia's "second problem" is economic development although the stable Cambodian currency, the riel, in recent months shows people's increased confidence in the government's economic measures, according to Hun Sen. However, Phnom Penh officials say the Cambodian premier has much less confidence in the country's finance minister, Sam Rangsi.

Officials say Hun Sen has spoken of Rangsi's trying to set up Western economic systems too quickly for Cambodia, despite the fact the finance ministry has support from world financial bodies including loans from the International Monetary Fund (IMF).

"The third problem relates to restructuring our administration. Cambodia's civil and military administration are combined from three factions. That's why the number of civilian and military (personnel) today is more than our finance can support.

"Before the same source of income was used to feed the people of the State of Cambodia (the pre-election government) but now the same source has to feed other people from other factions," Hun Sen said, explaining the chronic overstaffing of government offices.

But last year's election results and the resulting coalition government with three main parties and their extra personnel is only a partial explanation for the government's overstaffing, according to independent experts.

"This holds true to a large extent on the military and police sides with the merging of the FUNCINPEC and BLDP [Buddhist Liberal Democratic Party] forces with those of the pre-election government, but the civil administration was already way overmanned," a Phnom Penh-based diplomat said.

More than two years ago a World Bank study noted: "The size of the administration is larger than public management norms recommend and creates problems of duplication and its root cause of overstaffing."

Regular Cambodian government troops are estimated at 160,000 with a similar number of civil servants. These are figures which some experts say are around 10 times and twice as much, respectively, as appropriate for cash-strapped Cambodia.

Independent explanations for such chronic overmanning focus on reasons of political patronage and corruption but, whatever the cause, Hun Sen admits such overmanning breeds inefficiency and corruption which in turn deters potential investors.

"We have to do our best so investors can be confident, to secure stability for investment and put in practice the new code of investment, decrease tax and to cut short the paperwork. We have to get ride of corruption," Hun Sen said.

His ideal is that foreign investment will create jobs and attract people from the state sector. This will allow better pay for the remaining government employees, reducing corruption.

Numerous Cambodian businessmen and officials, as well as expatriates, have stressed the importance of dialogue among Cambodia's coalition leaders. Despite encouraging words from some officials the reality is bleak.

A more worrying aspect is the image of apparent government impotence or at worst a lack of interest in the face of the overstaffed, inefficient state apparatus.

"The danger of not tackling these issues is that you give the impression there is no political will or that people don't recognise the problems. That sends a very bad signal not only to the international community—private sector and donor—but also to the population," said an experienced international aid official working in Cambodia.

As Hun Sen said: "Right or wrong is one thing but the important thing is to correct our mistakes."

Cambodian Legislators View Regional Role

BK2106055194 Bangkok THE NATION in English 20 Jun 94 p A5

[Text] Cambodia is a safe and viable area for investment, and is looking to play a part within Asean in the economic life of Southeast Asia, Om Rasadi, chairman of the Foreign Affairs Committee of the Cambodian Parliament said.

At a conference organized last week by Chulalongkon University and attended by top officials from the Thai Foreign Office and National Security Council, Om and his deputy, Un Noeng, discussed Cambodia's position in the region a year after the May 1993 elections.

Om represents the royalist Funcinpec [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] party of King Norodom Sihanouk. Noeng is a member of the opposition Cambodian People's Party of Hun Sen. They represent the two largest parties in the new national parliament created when the new constitution was ratified last September.

Om was more confident about the future than recent press reports on the Cambodian situation have suggested. "I would prefer to say that we have challenges in Cambodia and not problems", he said. He went on to outline the need for economic stability.and growth, long term economic management, and the encouragement of private enterprise.

Despite being on opposite sides of the political divide, both men were united in the desire to encourage direct foreign investment in their country. They stressed that

Parliament was working on the National Plan for Reconstruction and Development which has the support of the United Nations Development Programme.

Both men denied that the continued hostilities between the Phnom Penh government and the Khmer Rouge were an obstacle to investment, and Om invited the international community to visit Cambodia "in order to see for themselves".

Noeng claimed the Khmer Rouge controlled only 5-10 percent of Cambodian territory, and that moves were underway to merge and reform the security forces of the major factions.

"If one has been ill for 20 years, one cannot be cured in one hour, but the patient is able to tell you that the medicine is working," said Om.

Using the rhetoric of 'national reconciliation', a veiled metaphor usually understood to mean inclusion of the Khmer Rouge in the governing process, both parliamentarians claimed that with the development of a human rights policy and with sustainable economic growth, the Khmer Rouge problem could be solved through integration rather than suppression

This position directly contradicts a motion currently tabled by MPs seeking to outlaw and condemn the Khmer Rouge and follows the policy of reconciliation inconsistently promoted by King Sihanouk over recent years.

The chairman of the Foreign Affairs Committee also hinted that Cambodia may in the future play a more involved role in regional economic development, in addition to be coming a member of the Asean Parliamentary Union and acting as an observer at full Asean meetings.

"It takes time to be member of these important organisations, but I say to you also that Cambodia will play real role not only in the development but also in the security of the region," said Om.

Co-operation with Thailand was also seen as crucial to Cambodia's future, and Om brushed aside rumours of link between the Thai Army and the Khmer Rouge. The other nations of Southeast Asia were requested to help with technological change such as skill training and education.

Om concluded by expressing the wish that Cambodia an the Asean nations could "try to have a common interest for the next century, for the year 2000."

Restaurateur's Links With Separatists Probed

BK2006080694 Bangkok BANGKOK POST in English 20 Jun 94 p 6

[Text] Kota Bahru, Kelantan—Restoran Syam is a well-known Muslim restaurant which has for long been a favorite hangout for local Malaysian politicians, runaway separatists and bandits from southern Thailand.

As such, Thai and Malaysian undercover officers often rub shoulders during their forays to the restaurant as they seek to eavesdrop on conversations or pick up any other information that can come their way from the slip of the tongue of its patrons.

The biggest restaurant in the so-called Sibsong Hong area, it is owned and operated by Abdullah Sulaiman, alias Sum, 50, a native of Pattani province who is, by bloodline, a nephew of the late Haji Sulong Tomina, who was charged with treason in 1948.

He is also a cousin of alleged separatist leader Haji Amin Tomina.

Because of his relationship with separatist leaders, it came as no surprise that Sum was accused by the Thai authorities of being a member of the separatist movement.

Malaysian security officials suspect him to be a spy for Thailand.

"I admit that members of several movements have approached me and sought my cooperation, some even asking me to join them. But I have always turned them down," said Mr. Sum.

He said he has often been blackmailed and on several occasions questioned by Malaysian special branch police.

"Neither the separatists, the Malaysian nor Thai authorities trust me," he complained bitterly.

"Everybody identifies this restaurant with his movement. Be it the PULO (Pattani United Liberation Organisation), or BRN (Barisan Revolusi Nationale), or UMNO (the Malaysian ruling party) or the PASS," said Mr Sum cynically.

He said his restaurant was under suspicion by all sides because it welcomed all parties regardless of their affiliation or background.

"If you ask me if I ever met Haji Amin, I would say yes because he is my cousin. If I talked with Haji Amin, you would suspect that we might have discussed politics.

"People like to sum up things the easy way. Sometimes, the information obtained by Thai authorities is not double or cross-checked. That's where the fault lies," said Mr Sum.

Sibsong Hong was previously off-limits to outsiders because it was the meeting ground for runaway PULO separatists from southern Thailand.

Mr. Sum admitted that when he first set up the restaurant 20 years ago life was difficult.

But now the situation has substantially improved with most of the separatists and bandits gone.

He said he believed most leading separatists had defected to Thai authorities, leaving behind only ordinary criminals.

He ruled out the suggestion that some Middle Eastern countries had secretly funded separatist movements in southern Thailand.

"The Arabs have their own problems. The Muslim world has problems. Even the conflict in Bosnia remains unresolved," he said, adding that he didn't think the Arabs had any interest in the people of Pattani.

While insisting his non-involvement with any political groups or bandit gangs, Sulaiman admitted that he dare not return to his hometown in Pattani after the arson attacks on several schools in southern provinces last August.

He cited the arrest of Toh Kuheng as the arson suspect, saying Kuheng was just a restaurant employee, a scapegoat.

He claimed that several Thai Muslims who had took refuge in Malaysia still have loyalty towards Thailand, but dislike Thai officials who are unjust and abusive.

He cited the arrest of four Islamic teachers on charges of perpetrating bomb attacks in Songkhla province as an example which would only worsen the situation in southern Thailand and sow mistrust between the state and the Muslim people.

Paper Calls for Cooperation With Malaysia

BK1706142894 Bangkok THAI RAT in Thai 17 Jun 94 p 3

[Editorial: "Al-Argam's Suicidal Squads"]

[Text] Thailand was caught off guard by a problem from Malaysia just as the conflict over the demand for constitutional redrafting was causing chaos and confrontations between supporters and opponents and jeopardizing social peace and order nationwide. For sure, the problem cannot be overlooked.

It might be seen as a trifling report which many people can simply ignore. However, this issue can have an adverse impact on the not-so-good relations between Thailand and Malaysia, and cause the Islamic world to look at Thailand with suspicious eyes. The whole issue began when Malaysian Foreign Minister Abdullah Badawi revealed that the Islamic fanatic group, Al-Argam, was using Thailand as a training ground for its suicidal squads.

Why must the Malaysian religious group have death squads? As everybody knows, there have always been strong conflicts in all Islamic nations over the administration of the countries. The fanatics call for the strict enforcement of the religious law as prescribed in the Quran, while the others want their countries to be ruled by a constitution and an internationally recognized legal system.

This is the cause of the conflict in the Islamic states and Malaysia is no exception. Formerly, the Al-Argam group was included in the Malaysian Islamic Center under the jurisdiction of the Prime Minister's Office, the agency in charge of overseeing Islamic affairs. However, the Malaysian Government has banned Al-argam's operation since 1991, probably due to its rebellious nature. It is interesting to note that Al-argam was established 26 years ago, with suicidal squads comprising 315 members operating in 15 countries. The organization reportedly uses Thailand or Bangkok as training venue for its militiamen. Its leader is [Assha Ari Muhammad].

Up to this point, the Malaysian Government has probably been seeking cooperation from the Thai Government to put an end to Al-argam's terrorist training activities in Thailand. We recommend that the government pay more attention to this issue whether Al-argam really has its training center in Thailand or not. Malaysia is playing its internal political game beyond its boundary. Hence, Thailand is being dragged into the issue. The leader of Al-argam is in fact a politician.

It is obvious that cooperation between Thailand and Malaysia is a major ingredient of peaceful coexistence on this golden peninsular. So far in many cases cooperation between the two countries has not been very impressive. This is a good opportunity for the two countries to make serious efforts to strengthen their bilateral cooperation in all fields.

Government Urged To Pay Attention to Trade

BK1906090694 Bangkok PRACHACHAT THURAKIT in Thai 19-22 Jun 94 p 12

[Article: "Who Is the Real Saboteur of the Thai-Lao Trade Market?"]

[Text] Following the progress in Thai-Lao relations, currently at an all-time high, contacts between the peoples of the two countries have increased dramatically. Subsequently, the values of bilateral trade and investment are growing accordingly.

Statistics from the Customs Department show that the total trade values between Thailand and Laos in 1991 and 1992 were recorded at 3.15 and 4.01 billion baht respectively. From January to October 1993, the value of Thai-Lao trade rose to 4.93 billion baht. Taking into account the illegal trade activities along the common border, the actual trade values could be five times more than those in the official records.

However, the governments of the two countries have imposed a ban on trade in certain types of commodities. Since the two countries share a common border as long as 1,730 kilometers with 14 temporary and permanent border crossing points, it is not easy to prevent smuggling of such goods, as restricted products are available in the markets on both sides of the common border.

Ninty-five percent of commodities on sale in local market places from the northern to southern regions of Laos come from Thailand. Both the Thai and Lao Governments admit that they cannot really control trade between their two countries.

Although Thai goods are now occupying the Lao domestic market, it is very likely that they will lose their lion share in the near future, as happened in the case of the Vietnamese and Burmese markets, which are now being flooded with goods from China and Singapore. No Thai merchandise is on sale in those markets except a few along the borders areas.

This is a clear evidence of the failure of the Thai Government's trade policy. The Thai Government has always overlooked the significance of these neighboring countries. The Commerce Ministry, in particular, seems only to pay attention to distant markets.

Recently, the Chinese and Lao Governments signed an agreement on trade cooperation and goods exchange. Hence, Chinese goods will definitely push Thai products out of the Lao market in the next one or two years if the Thai Government remains idle and does nothing to prevent such an eventuality.

Touring different markets along the Thai-Lao border, trade restrictions are the main obstacle. Laos itself is unable to produce certain goods for its own domestic consumption; it has to depend on neighboring countries like Thailand. The goods flow into the country through both legal and illegal channels.

We are worried that in the next one or two years, when Vietnam is capable of producing more goods and the roads to Laos are improved, Thai goods will not be able to compete in the Lao domestic market.

We know that the tentacles of the Thai mass media can reach every corner in Laos and attract Lao consumers to Thai products. Why doesn't the Thai Government do something like revising the laws and regulations to promote trade between the two countries and help Thai goods compete with products from China and Vietnam.

We believe that the present Thai Government can solve the problem because it is not "that stupid." However, it must be sincere in dealing with the problem.

It's a pity that Thai business people engaging in the trade between the two countries are left struggling to safeguard the Lao market without any assistance from the government. Many have already given up and are simply waiting to see the end of the Indochina market for Thai goods.

It is not too difficult for the government to recognize past mistakes and take the necessary action to keep the entire Indochina market for Thai products. By so doing, it will sacrifice some of our immediate benefits for the sake of long-run interests.

The government must sign trade agreements with the Indochinese countries, China, and Burma; lower tax barriers; and reduce import duties on agricultural products from these countries. We can buy raw materials and agricultural products from neighboring countries and sell our finished products to them.

I want to see the day when the Indochinese countries regard Thailand as "Japan No. 2".

Council To Boost Business Cooperation

BK1906105694 Bangkok SIAM POST in Thai 18 Jun 94 p 19

[Text] Som Chatusiphithak, general manager of Siam City Bank and chairman of Thai Banking Association, disclosed that the association has selected its officials and representatives from four commercial banks—Bangkok Bank, Krung Thai Bank, Siam Commercial Bank, and Thai Farmer Bank—to be appointed as members of the committee of the "Thailand-Singapore Business Council," an organization to be active in boosting trade and business cooperation between the two countries. The name list was submitted to the council on 17 June.

Som said that the said organization was the result of the negotiations made during the latest official visit to Singapore of Prime Minister Chuan Likphai. At the initial stage, the council will concentrate on working out its framework before it can realy start functioning in promoting free trade.

Som noted: "The Thailand-Singapore Business Council stresses on cooperation between the two countries in business and financial areas as well as industries concerned. More important is that the council will promote good understanding and cooperation between Thailand and Singapore as both countries are striving to become financial hubs in the region. It is believed that the council will help prevent conflict and competition."

Ministry To Open Consulate General for PRC

BK1906094794 Bangkok ZHONG HUA RIBAO in Chinese 15 Jun 94 p 3

[Text] In order to make it more convenient for Chinese in southwest China to visit Thailand and following the approval of the Chinese Foreign Ministry, the Thai Foreign Ministry decided to open a consulate general in Kunming City of Yunnan Province on 1 July. The consulate general will be responsible for issuing entry visas for Chinese living in Yunnan and nearby provinces so that those Chinese who want to travel to Thailand for sightseeing or visiting their relatives will not have to travel a long distance to apply for a visa from the Thai Embassy in Beijing.

Silachai Sulai, director of the Chiang Mai Branch of the Tourism Authority of Thailand, says that the establishment of the Thai consulate general in Kunming will help promote the development of a quadrangular economic, cultural, and tourism cooperation among Thailand, Burma, Laos, and China.

Fishermen 'Ambushed' in Burmese Water

BK1706143694 Bangkok Radio Thailand Network in Thai 0530 GMT 17 Jun 94

[Text] According to a report from the Public Relations Office in Mae Hong Son Province, four Thai fishermen were ambushed while illegally fishing in the Pai River inside Burmese territory. Police authorities at Nam Phiang Din village rescued the only survivor and his long-tail boat.

The fisherman, identified as Min, was seriously injured and later sent to Sisangwan Hospital. Min told the police that he and three colleagues of the Thai Yai ethnic group were ambushed by an unknown group of armed men at about 2300 on the night of 16 June while fishing in the Pai River inside Burma about 10 km from the Thai border. Min was the only one aboard the long-tailed boat when the ambush took place so he managed to flee the site back to Thailand. He believes that his three colleagues were probably shot dead. Any attempt to retrieve the bodies of the three fishermen will be reported later.

Party To Review Coalition Participation

BK2106040194 Bangkok BANGKOK POST in English 21 Jun 94 p 3

[Text] New Aspiration Party [NAP] leader Chawalit Yongchaiyut, admitting yesterday the current political situation is unstable, said it may be time for a political change.

The Interior Minister said his NAP was expected to meet today to assess the situation and renew its role in the coalition.

The NAP has always supported the coalition, he said, but the situation is fluid and so the NAP will discuss if the situation poses an obstacle to the party's continued participation in the coalition.

Chuan Predicts Phalang Tham Breakup

BK2106015794 Bangkok THE NATION in English 21 Jun 94 pp A1, A4

[Text] Prime Minister Chuan Likhpai predicted before yesterday's crucial Phalang Tham [PDP] meeting that the third largest coalition party would break up.

Asked to predict the outcome of the meeting, at which PDP members were expected to consider pulling out of the coalition, Chuan said tersely: "Breakup".

Chuan was speaking after lunching with the four deputy prime ministers Foreign Minister Prasong Sunsiri (PDP deputy leader) and Industry Minister Sanan Khachonprasat (Democrat).

Asked why he looked so happy even though there are problems in the PDP, Chuan said there was nothing wrong with the PDP. He simply smiled when asked whether he would cancel a pending visit to South Korea.

Members of the PDP's religious faction have on several occasions called for the party to withdraw from the government in a bid to regain popular support. They have also threatened to oust Deputy Prime Minister Bunchu Rotchanasathian as party leader.

Sanan, the Democrat secretary general, said the PDP can handle its internal problems, but he said he didn't know what would happen in the event of the PDP withdrawing from the government.

"The decision will rest with the prime minister," he said. Sanan dismissed speculation that he had approached opposition parties to replace the PDP. He believes the PDP's internal problems will be solved before Parliament debates the Budget Bill for the 1995 fiscal year.

"I'm confident the government partners can stay together," he said.

In the meantime, he added, there no reason for the government dissolve the House of Representatives—and there would be no problem if the PDP withdrew from the government.

Phinit Chantarasurin (Chat Thai-Lampang) said no opposition party will join the Chuan administration choosing instead to maintain a clear and united stance.

"Opposition parties have promised not to join the Chuan government, but I can't do anything if one of then joins the government," he said.

Phinit said the government should reshuffle Cabinet lineups so it can run the country in the interests of the people. The opposition should have a joint resolution to file a no-confidence motion against the government.

Deputy Solidarity leader Khanin Bunsuwan said his party has done nothing wrong and will not pull out of the coalition. Nor has the government any reason to sack Solidarity, he said.

If the Solidarity Party supports a motion sponsored by 21 PDP rebels, it would have to consider the new conditions, Kanin said. The party vowed to support the motion last week, but the motion was not debated.

Phalang Tham Votes To Remain in Coalition

BK2106013794 Bangkok THE NATION in English 21 Jun 94 pp A1, A4

[Text] All 15 Phalang Tham [PDP] hardliners resigned en masse from the party's executive committee last night as a crucial party caucus resolved to remain with the Chuan coalition.

The resignation of the majority of the executive board effectively warrants a new election of the executive line-up, which observers said would have to decide again on the question of whether the party should stay with the government.

Yasothon MP Sombun Thongburan said he and 14 other hardline members of the board submitted letters of resignation to party leader Bunchu Rotchanasathian during yesterday's meeting. An election of the new board must be held within a month.

Sombun said the resignations were motivated by "total political failure" of the party's executives.

The decision to remain with the government was adopted after a marathon debate lasting six hours, during which the hardliners lambasted the performance of Phalang Tham's executives.

"We resolved not to pull out of the coalition and to continue to give the government our solid support," Phalang Tham leader Bunchu Rotchanasathian told reporters at the end of the meeting.

Earlier, party members voted in a split decision to revive its controversial motion on charter reform for this week's House deliberation and to ask the coalition to allow a free vote.

Twenty-four participants approved a proposal for Phalang Tham to renew its push for the motion seeking to establish a House committee to draft a new Constitution. Twenty others, including party leader Bunchu Rotchanasathian, voted against it.

The decision means Phalang Tham will seek to push the motion up the parliamentary agenda this week. It coincided with a government whips' resolution allowing Phalang Tham to continue pushing unilaterally for the motion.

The coalition whips agreed that the motion, submitted by 21 Phalang Tham MPs sympathizing with radical pro-reform activists and shelved last week because of pressure from Phalang Tham allies, can be debated in the House on Thursday.

"If necessary, the motion can be moved forward and the Phalang Tham Party can have a free vote on it," PM's [Prime Minister's] Office Minister and chief whip Thoetphong Chaiyanan said.

But he added that the four other coalition parties would not support the motion.

A resolution by whips not to support the motion sponsored by 21 Phalang Tham MPs outraged Phalang Tham hardliners, who vowed to push for their party's withdrawal from the coalition at yesterday's meeting. The whips' pressure last week prevented Phalang Tham from asking the House of Representatives to move the motion up from the bottom of a 28-motion agenda.

Thoetphong said the whips had not decided to try to help the PDP solve its crisis by allowing the party to move the motion up on the agenda.

Phalang Tham members were divided over the issue of pulling out of the coalition. But tension within the party could subside if the controversial motion was debated in Parliament.

Thoetphong dismissed speculation that whips resolved last Friday to expel the PDP from the coalition if its rebel faction pushed for an early debate on the controversial motion.

Solidarity Party secretary general and deputy Commerce Minister Chaiyot Sasomsap said his party would support the motion.

[Text] Thoetphong said government whips agreed that if coalition parties wanted to vote for the motion, they would have to inform him first.

Deputy Commerce Minister Churin Laksanawisit said it was a "misunderstanding" that government whips had prevented the rebels from having their motion debated last week.

"The motion can be moved forward, if necessary," he said.

PDP Secretary-General Udon Tantisunthon said it was now up to Phalang Tham members to decide if they want to move the motion up on the agenda.

The Phalang Tham meeting, chaired by party leader Bunchu, was held under tight restrictions. Non-MP and non-executive members of the party were not allowed in. Participants were subject to body searches as part of a ban on tape recorders.

Earlier yesterday, the pro-Bunchu faction seemed to have scored a morale-boosting victory when the Interior Ministry approved the new official line-up of Phalang Tham executive members.

The approval effectively barred the most outspoken hardliner, Chaiwat Sinsuwong, who was a member of the old executive board, from yesterday's meeting. Earlier, members of both old and new executive boards were invited to the meeting.

Thamrong Saengsuriyachan, another hardliner, claimed there was a conspiracy between the "ministerial wing" of the PDP, party member holding Cabinet positions, to bar Chaiwat from the crucial meeting.

Normally, it took the ministry a least a week to approve an executive line-up of a political party, said Thamrong. He added that the Phalang Tham line-up was approved in only two hours.

Before and during the meeting Chaiwat and a few other former Phalang Tham executives held serious discussions in another room of the hotel and kept monitoring the meeting through Bangkok MP Sudarat Keyuraphan who kept shuttling between the meeting room and Chaiwat's group.

Before the meeting, Phalang Tham founder Chamlong Simuang told reporters it was Bunchu who would set the direction for the discussion. Bunchu, meanwhile, vowed to allow an "open debate" on the party's future.

The meeting was held as activist Chalat Worachat, whose hunger strike to press for controversial pre-reform demands triggered the current political crisis, returned to his protest site in front of Parliament to continue his fast. He gave himself up to police last week to face charges of sedition and lese majeste but was released on bail on Sunday night.

Chamlong yesterday refused to comment on Chalat's new move. Earlier, the "ministerial wing" had seriously questioned Chalat's motives and said the activist had been "used" by groups bent on toppling the government.

The 21 MPs who submitted the controversial motion seeking to establish a House committee to draft a new charter insisted they did so to save Chalat's life.

Bangkok MP Sutin Nopphaket, who initiated the motion, said before the meeting yesterday that even though the issue of whether the motion should be moved forward was settled, the party must consider whether it should remain with the government.

"We want the party to stay with dignity, not under the influence of others," Suthin said.

The opposition last week promised to vote for the motion. But after it was shelved last week opposition leaders backed down from the pledge.

Deputy Minister Sees Return of Confidence

BK1906141194 Bangkok THE SUNDAY POST in English 19 Jun 94 p 3

[Text] The easing of Thailand's political crisis has helped restore overseas confidence in the Government's stability and the country's investment climate, Deputy Foreign Minister Surin Phitsuwan insisted yesterday.

"I was glad everything ended that way," Mr Surin said.

Political turmoil stemming from calls for a new constitution prompted other countries to look at Thailand with suspicion since an international agreement stipulated that any international accords could be enforced only after they were legally approved through constitutional procedures of respective countries, he said.

Concern had grown that if the Government bowed to demand by a group of people, foreign investors would be reluctant to invest in Thailand as they would fear changes in the constitution any time.

"If we started by avoiding adherence to constitutional principles, no one could have confidence." he said.

Thailand's political situation, which became tense after political activist Chalat Worachat staged a hunger strike to press for the Government to draw up a more democratic constitution, eased after Mr Chalat called off his protest on Thursday.

Mr Surin said neighbouring countries were worried that Thailand's political crisis, if prolonged, could affect negotiations on cooperation in the establishment of the Growth Triangle and the Growth Quadrangle as well as the use of water and other resources in the Mekong River.

He invited suggestions from academics and businessmen on how Thailand should proceed politically and how it could best protect its democratic system.

Mr Surin, however, conceded he was "a little bit worried" about problems within the Phalang Tham Party [PTP] hut' said disputes and rifts were common in politics and that the party needed time to adjust to any changes.

"The party needs to reorganise its own system. The Democrat Party went through that process before."

In the end, all party members had to accept the decision of the majority, he said.

Mr Surin said that people should not be pessimistic about the future of Thai politics following reports that the PTP might withdraw from the Government, since Prime Minister Chuan Likphai was still confident all would go well.

He said Mr Chuan would not dissolve the House of Representatives and would go on working with the five coalition parties.

Mr Surin asked the public not to give importance to reports that the Democrat Party had approached certain Opposition parties to join the Government.

According to Mr Surin, the Government has three options to solve its problems: dissolving the House, reshuffling the Cabinet or seeking settlements among the five parties.

Mr Surin said the best exit was for all five parties to discuss how to prevent disputes from recurring as well as iron out their differences.

He said the Premier would not intervene in the internal problems of the PTP.

Columnist Analyzes Political Situation

BK1906074794 Bangkok BANGKOK POST in English 18 Jun 94 p 5

[Article by Natthaya Chetchotirot: "Facing Ally Crisis, Democrats May Have No Way Out But Opt for House Dissolution]

[Text] House Speaker Wan Muhamat Nomatha of the New Aspiration Party [NAP] pressed the button to signal the adjournment of the parliamentary meeting Thursday afternoon, several Phalang Tham Party (PTP) members knew it was the last straw that they would put up with the Democrats. The adjournment of the meeting, which was seen as a tactic employed by the Democrats in collaboration with the NAP, effectively blocked the attempt by 21 PTP rebel MPs to move forward their motion for constitutional reform which they had hoped to be debated in the House on Thursday. Had the motion been passed which the PTP expected so with the backing of the Opposition and the Solidarity, another coalition party, Chalat Worachat would have ended his fast and the protest would be over.

The fact that the PTP rebels were outwitted by the Democrats could be attributable to their political apprenticeship compared to the Democrats' mastery in political intrigue and treachery. Several members of the temple faction in the PTP have also blamed some senior party members of working "hands in gloves" with the Democrats to block the rebels' charter motion.

The setback sustained by the PTP rebels and the temple faction including de facto leader Chamlong Simuang, came one day after the party managed to enlist unanimous support from the executive committee for the rebels' motion for constitutional reform. This was something unusual because the party itself was earlier widely split over the motion issue. Yet, they did not discuss about moving forward the charter motion and would ask for the motion to be moved forward at the parliamentary floor. The rebels had hoped that this would be discussed on Thursday.

But the golden opportunity was missed out. Government whips moved quickly by holding a meeting Thursday morning which ended with a resolution for the PTP not to move forward the motion of the rebels. Bound by the resolution, the rebels did not ask to move forward their motion, hoping that this would be done by the Opposition or the Solidarity Party. Eventually, they realised that neither the two sides would request the motion to be moved forward, the PTP rebels tried to initiate the move themselves and to enlist their support. By the time they regrouped, it was already too late. The House was adjourned before the move materialised.

For the time being, there was nothing that the PTP rebels and the temple faction could do until next Thursday when the House reconvenes to consider motions. Badly outmanoeuvred and outwitted, the only trump card that Chamlong has in his hand and that he could play is to pull out of the coalition government. A meeting of the executive committee was tentatively scheduled this Monday during which an important decision would be made. And the likelihood is that the party, with the urging of Chamlong, will opt to withdraw.

The stage has already been set to put pressure on the PTP to call it quit. Sudarat Keyuraphan yesterday resigned as deputy government spokeswoman. Ruangwit Dusadisuraphot and Thamrong Saengsuriyachan also quit as deputy secretary-general of the prime minister and government whip respectively, citing their conflicting views with those of the government.

Without any doubt, this whole political episode has driven a deep wedge within the PTP as never before. The chasm of division will be further widened if the party decides to pull out. The temple faction will certainly demand pulling out and this is most likely to be resisted by the ministers and the so-called layman faction. Some observers believe that Chamlong may have to come back to take the rein of the party and to assert his authority to put his own house in order. The task is easier said than done because it may involve some sacrifices. But there seems to be little choice if the PTP wants to restore its bruised image and also if it intends to stay on in the political arena.

If the pullout of the PTP is intended to force the hand of Prime Minister Chuan Likphai to dissolve the Parliament and call a new general election, then this is likely to be strongly resisted by Mr Chuan who has, on various occasions, announced that he would not dissolve the Parliament. This will be the last option if other alternatives do not work out.

Behind-the-scenes political manoeuvrings have reportedly started when news leaked about the PTP threat to withdraw. Informed political sources said the Democrats through their new deal-maker, Agriculture Minister and deputy secretary-general Niphon Phromphan, would approach the opposition Chat Thai or the Chat Phatthana parties to replace the PTP should the PTP actually calls it quit.

Both Chat Thai and Chat Phatthana earlier announced openly that they would not simply replace the PTP. Instead, they want a major Cabinet reshuffle with the prime minister resigning in order that a new Cabinet can be formed. This may sound to be too much for the Democrats because of their mistrust towards the two opposition parties.

Provided that there is no change of position from either the Chat Thai or the Chat Phatthana Party and if the Democrats is unreluctant to part with the New Aspiration, the Democrats may not be able to find a new partner to replace the PTP and have no choice but to dissolve the Parliament.

But anything is possible in Thai politics. An ally today may become an enemy the next day. And today's foe may turn out to be an ally the following day.

After all, it was the Democrats themselves who have pushed themselves into the corner. Had they been less stubborn and more flexible and had they allowed the PTP rebels' motion to be debated in the Parliament, they would not have plunged themselves into yet another crisis.

Villagers Said Paid To Attend DP Rallies

BK1706133194 Bangkok THE NATION in English 17 Jun 94 p A4

[Text] A pro-democracy activist claimed yesterday that officials loyal to the Democrat Party [DP] paid hard cash to tambon and village chiefs to bus befuddled villagers to political rallies staged to suggest mass support for beleaguered Prime Minister Chuan Likphai.

Suphap Phutthongsi, chairman of the Confederation for Democracy in Loei province, said kamnans (tambon chiefs) and village headmen in his province were hired by provincial officials to stage a pro-Chuan rally on Wednesday in front of the city hall.

The allegation was not confirmed by local officials.

He said kamnans received Bt[baht]300 each, while Bt200 was paid to the headmen. Car drivers who transported villagers to the site of the protest received Bt300.

Suphap said he was in no doubt that, the payments had been made, because the kamnans and headmen had given him the details personally.

He said the villagers who participated in the orchestrated show of support had received nothing and some did not even know what they were supposed to do when they arrived at the protest. Some of them only went because they already had plans to go shopping and the offer of a free lift was welcomed.

"Some of them told me they were about to go to their rice fields but phuyaibans [village headmen] come to pick them up and take them into town straight away. They didn't even know why they had to go," he said.

Suphap said the province had spent about Bt200,000 hiring kamnans and headmen to stage the mass rally against Chalat.

Buawaeng Suphrom-in, village headman of Loei's Chiangkhan district, said he was ordered by an assistant district chief to take about 10 villagers to the city.

He said the chief had promised to give him a big sum of money. But after the rally was over the money had been withheld.

Buawaeng said he personally agreed with Chalat's protest for fuller democracy.

Rallies in Nakhon Ratchasima, Nakhon Si Thammarat, Nakhon Phanom, Mukdahan and Rayong continued yesterday.

In Nakhon Ratchasima, more than a thousand people from Wang Nam Khieo and Kham Thaleso district gathered to show moral support for Chuan through their chief district officers.

Nakhon Si Thammarat Governor Sucham Phongnua said he was very worried that there could be a violent confrontation between pro-democracy supporters and pro-Chuan demonstrators.

He said he has warned Chalat's supporters to stop using a loud speaker which was apparently annoying people in Muang district. He said police would take tough action against anyone who incited violence in the province.

In Nakhon Phanom, about 10,000 people turned up in front of the city hall to show their support for Chuan. It was not clear whether they had been paid to participate, but Governor Sucharit Patchimnan said the supporters had turned up spontaneously on their own free will.

About 4,000 people rallied in front of Rayong City Hall and presented a bouquet of flowers to Chuan through their governor.

Meanwhile, about a thousand people continued their vigil outside Parliament in support of Chalat as he entered the fourth week of his fast and came to the end of his "sit-in".

Chalat's daughter Chitrawadi said the Democrat Party would be to blame if her father died.

Permanent Secretary for Interior Ari Wong-araya said Interior Minister Chawalit Yongchaiyut had ordered him "to take control" of the situation in front of Parliament.

Ari said Chalat might not die but could be permanently disabled if he continued his fast.

National Police Chief Pol Gen [Police General] Prathin Santipraphop said he was worried about traffic conditions on Uthong Nai Road near the site of Chalat's protest.

A group of about 10 people who called themselves "southern villagers" yesterday afternoon laid a wreath for Democrat MPs in front of Parliament.

After Chalat's departure to the Police Hospital, popular entertainer Yunyong Ophakun continued singing to maintain the morale of those who had gathered to support Chalat.

Chuan Urged To Give National Interest Priority

BK1906153694 Bangkok THE SUNDAY POST in English 19 Jun 94 p 22

[Editorial: "Chuan Must Give Top Priority to National Interest"]

[Text] At the end of what has seemed an interminable protest by supporters of hunger striker Chalat Worachat, we are left with a question of judgment: how can Prime Minister Chuan Likphai reconcile his political principles with the call for political reform by disgruntled MPs in the Phalang Tham Party [PTP], the third largest partner in his coalition government?

There seems to be no clear consensus on such an important question, as the 21 dissident PTP members, apparently with the support of party founder Chamlong Simuang, threaten to withdraw their support for the government.

The Prime Minister maintained on Friday that he still had the support of the PTP. But events in the Phalang Tham Party were not encouraging.

A few hours before Chuan made his statement, three prominent PTP members submitted their resignation from political positions in the government.

The PTP members were apparently upset by the government whip's decision on Thursday to block a motion tabled by their colleagues seeking to set up a committee to draft a new constitution.

The situation is made even more complicated by early signs that tomorrow's meeting of the PTP's executive committee could develop into a resolution to withdraw from the Coalition.

"We will leave it to Prime Minister Chuan to decide whether to reshuffle the Cabinet or to dissolve the Lower House," a PTP source told the press on Thursday night, after the 21 disgruntled PTP MPs held a meeting to discuss the government whip's action.

Regardless of the outcome of the PTP executive committee meeting, Chuan should consider the matter from the perspective of whether his decision will be to the advantage of the people.

Many PTP members have been unhappy since the party decided to join the Coalition some 20 months ago. Many of the PTP's major policy issues have not received the full backing of the government. Among these issues are the decentralization of administrative power, the traffic problems, and efforts to help defuse the "Chalat crisis" by reforming the country's democracy through the 21 MPs' motion.

The end of the protest by Chalat's supporters at least offers Chuan the chance of getting back on course, of mending ties with his coalition partners. He can start by seeking a meeting with Chamlong, and try to reach a settlement that will pacify those MPs who keep the conflict burning.

If there's no hope of a reconciliation with the PTP, Chuan may have to think about a new coalition lineup that may include an opposition party. The issue is whether there will be a simple conclusion to the move toward realignment. The formation of new partnerships between political parties is always easier said than done.

For a start, Chuan will have to consult with the three other coalition partners, namely the New Aspiration, Seritham and Solidarity parties. More importantly, the selection of a new political partner must be carried out in the manner understood by the people.

The country's economic development cannot be maintained with an endless series of political manoeuvring. The political game being played has caused people in business to feel uneasy.

In forming a new government, Chuan must also ensure that the campaign for political reform—set in motion by hunger striker Chalat Worachat and pro-democracy groups is not stopped. Learning from the Chalat fiasco, any new government must deal squarely with establishing political ethics and firm political foundations that will promote greater public participation in grassroots politics.

The support of the people cannot be gained if politicians were to make efforts at forming partnership for the sole purpose of gaining control of the Government.

Central Bank 'Hopes' High Interest Rates

BK1906140394 Bangkok THE SUNDAY NATION in English 19 Jun 94 p A1

[By Charuwan Loetwinyu]

[Text] The Bank of Thailand hopes that higher interest rates will boost savings and cut spending in the next two months as part of the process of putting the brakes on inflation, according to the central bank governor.

Wichit Suphinit said the Bank of Thailand would in July evaluate all economic indicators for the first half of the year to determine the need for policy changes.

The bank will also evaluate whether domestic production capacity will have an effect on long-term inflation. "We have to see if there is sufficient domestic capacity to meet local demand."

Inflation has become the bank's priority concern since the May consumer price index rose to 5.1 per cent compared with the same period last year.

Increases in crude oil prices, food prices and non-food items led by education and recreation costs have contributed to higher prices. The inflation rate measured on the moving 12-month average was up 0.2 percentage points in May from April to 3.9 per cent.

Wichit has identified excessive credit extension by commercial banks as the main cause of higher inflation. Credit extension by all banks in the first four months of the year grew 24 per cent compared with the target of 21 per cent for the entire year.

Roengchai Marakanon, deputy central bank governor, has identified higher spending on personal consumption and recreation as accounting for about 40 per cent of the higher inflation rate.

Another 40 per cent was attributable to higher agricultural prices given the world recovery in commodities. The higher cost of labour and oil is believed to account for a further 14 per cent of the increased inflation rate.

Savings during the same period grew less than the target. The actual growth figure in the first four months was 14 per cent compared with the target of 19 per cent.

Wichit said the Bank of Thailand has already signalled commercial banks to raise interest rates which he added would take two to six months to work through the economy.

He said the central bank will have to wait and see if higher interest rates would cut consumer spending and boost savings.

But he did not see higher interest rates dampening investment given that companies can borrow externally at more favourable rates.

—The government is working on a draft "White Paper" which will serve as the basis for the upcoming 8th National Plan, Deputy Prime Minister Suphachai Phanitchapak said yesterday.

But first it has to analyse the results of the National Economic and Social Development Board's 7th plan, he said.

Suphachai said the White Paper is scheduled for release in August and will be used to gauge opinion in the private sector.

The White Paper will cover four major areas:

—How to increase exports from the present 0.9 per cent share to 1.8 per cent of world trade.

—The government's plan to promote research and development by providing tax and other incentives for foreign investors wishing to set up R&D divisions in Thailand.

—Promote industry, and add more industries as appropriate to the National Plan.

—Stipulate what the government should do to promote the economy generally.

Suphachai said the present 15 per cent inflation rate is not particularly worrisome since the increase was due to the sudden rise in the cost of food and farm products. The rise is only temporary, he said.

Vietnam

Foreign Minister on Outcome of CIS Visit

BK2106032294 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 19 Jun 94

[Text] Answering a VNA correspondent's question on the outcome of the recent visit to the Russian Federation, Ukraine, and Kazakhstan by Prime Minister Vo Van Kiet and his Vietnamese Government delegation, Foreign Minister Nguyen Manh Cam said:

It should be pointed out first that Prime Minister Vo Van Kiet's visit was a fine success. Various documents were signed laying down the principles for relations between Vietnam and each of these countries in the new era. In the Ukraine, the two sides signed a treaty on the fundamental principles for relations between Vietnam and Ukraine. In Russia, the two prime ministers signed a treaty on the fundamental principles for friendly relations between the Socialist Republic of Vietnam and the Russian Federation. In Kazakhstan, although no treaty was signed, the two prime ministers issued a joint statement laying down various principles for relations between Vietnam and Kazakhstan. Apart from holding discussions and signing various documents, Prime Minister Vo Van Kiet exchanged views with the leaders of these countries and achieved a strong consensus on guidelines for broadening relations between Vietnam and each of these countries.

It should be further noted that all three countries Prime Minister Vo Van Kiet visited highly appreciated Vietnam's heartfelt sentiments stemming from the age-old friendship dating back to the time of the former Soviet Union. They expressed their hope that the two sides will jointly contribute to consolidating this friendship and use it as a basis for mutually beneficial cooperation both now and in the long term.

As for the two issues that are receiving public attention—namely the liquidation of Vietnamese debts and the presence of the Vietnamese community in the Russian Federation—Foreign Minister Nguyen Manh Cam said:

With regard to the debt issue, our prime minister exchanged views on this issue with the leaders of the Russian Federation and an agreement was reached with the Russian Government to consider rescheduling Vietnamese debts. The Russian Federation Government will have its responsible agencies look into this issue. Regarding the issue of the Vietnamese community in the Russian Federation, we unanimously agreed with our friends that their responsible agencies should exchange views and come up with appropriate measures to settle this issue in conformity with the friendly relations between the two countries.

Ministry Admits Difficulties in Financing

BK2106050494 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 20 Jun 94

[Text] At a news conference on the national financial situation in the first six months of the year, Ministry of Finance representative revealed that the budget's revenue collection is so far progressing on schedule, but that the sources to subsidize the deficit are still limited.

Domestic savings are insignificant and foreign funds are not yet available. This limits spending to urgent and regular items and debt repayment only, while spending on capital construction has been low. By 10 April, the funds actually allocated for capital construction projects reached only 21.4 percent of the planned targets, with tardiness being the result of difficulties in with income sources.

Many projects are also suffering from a cessation of funds as they cannot meet fund allocation requirements. Of the 5,460 investment projects this year, about three-quarters of them have not been able to fulfill requirements for capital allocation. Altogether, they represent six trillion dong in capitalization, and are mostly for projects initiated by the ministries of transportation, water conservancy, energy, culture and information, and banks.

Northern Provinces Reap 'Good' Rice Harvest

BK2106044994 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 20 Jun 94

[Text] According to the Ministry of Agriculture and Food Industry, provinces in northern region have completed their harvest on over one million hectares of fifth-month spring rice. Except for the provinces of Thua Thien-Hue and Quang Tri which have suffered from a bad harvest of about 12-13 tonnes per hectare and a gross collection of 80,000 tonnes of grain, Ha Tinh and Nghe An have reaped an increase of 40,000 tonnes. All other provinces enjoy larger or equal harvests in comparison with last spring rice planting season.

According to local agriculture offices, the total grain output of northern provinces this year is about 4.220 million tonnes, or nearly the same as last year's spring rice season of 4.223 million tonnes.

Provinces in northern region also produced about 1.2 million tonnes of other crops, thus bringing the total agricultural output of +another good harvest this year to 5.4 million tonnes.

Australia

Afghan 'War Criminals' Under Investigation

BK2106052194 Hong Kong AFP in English 0500 GMT 21 Jun 94

[Text] Sydney, June 21 (AFP)—Australian security services are investigating the circumstances in which two alleged Afghan war criminals have taken refuge here, Foreign Minister Gareth Evans said Tuesday.

But the minister denied a claim that any deal was done by which the men—said to be former high-ranking members of Afghan communist leader Najibollah's regime—were granted entry in exchange for giving information to the security services.

The Australian Broadcasting Corp. (ABC) claimed in a report Monday that at least three members of the regime responsible for many atrocities had been given permanent residence in Australia.

The regime's former vice president and a deputy secret service chief were said to be among the war criminals.

Members of Australia's Afghan community were threatening to take action against them unless the government responded, the ABC said.

Opposition Senator David MacGibbon asked in a parliamentary question Tuesday if it was true the men had gained entry despite a warning from members of the Afghan community to former Immigration Minister Robert Ray in May 1989.

MacGibbon described them as being former members of a regime said to have executed one and a half million of its citizens during Afghanistan's civil war.

Evans said he took the view that no Australian security agency ever had or ever would knowingly assist the entry of any individual who had been involved in terrorist activities or war crimes.

"I am certainly not aware of any deal whatsoever being made with anybody on this matter," he told the Senate.

Evans said the allegations were known to the Australian security authorities and were being investigated although the government was not yet fully apprised of the status and other relevant details of the persons in question.

The identity of two had been established but nothing was known of the third.

Evans said the immigration department was considering an application for refugee status from one and the second had resident status, having entered under the humanitarian program.

His visa was issued in New Delhi, India after all normal requirements had been assessed as met, Evans said.

But the minister declined to elaborate on MacGibbon's suggestion of security service involvement, saying it was long-standing government policy not to comment on security matters.

PRC Envoy Summoned for Protest on Nuclear Test

BK1606145294 Hong Kong AFP in English 0427 GMT 16 Jun 94

[Text] Sydney, June 16 (AFP)—The Australian government has summoned Chinese Ambassador Shi Chunlai to protest his country's June 10 nuclear test blast, officials said Thursday.

"Senior department officials protested to him about the test yesterday (Wednesday) and reiterated our view that it was deeply disappointing," said a spokesman for the Department of Foreign Affairs and Trade in Canberra.

China carried out the underground blast, which had a strength of 10 to 40 kilotonnes of TNT according Australian scientists, at its Lobnor test site on Friday.

Fiji

Opposition Considering Parliament Withdrawal

BK1706125794 Melbourne Radio Australia in English 0500 GMT 17 Jun 94

[Text] Fiji's opposition leader, Jai Ram Reddy of the National Federation Party [NFP], will consider whether to withdraw from parliament following Prime Minister Sitiveni Rabuka's warning that there could be another coup. The NFP and its ally, the Fiji Labor Party [FLP], are maintaining they boycotted parliament after walking out yesterday in protest at Mr. Rabuka's remarks during a law and order debate. Mr. Rabuka, who led the army overthrow of the Timoci Bavandra government in 1987, warned that there could be a third and possibly bloody coup if indigenous Fijians continue to feel disadvantaged.

The NFP has accused the prime minister of trying to intimidate Fiji Indians, who comprise about 45 percent of the population, and they are denied equal political rights under the 1990 Constitution. Jai Ram Reddy, who head the NFP, was questioned whether Indian political parties have a role to play in parliament in view of the fact that they were barred from government and were criticized for performing as an opposition. Mr. Reddy said the NFP would consider during the weekend whether to continue in parliament and possibly have talks with the FLP.

Meanwhile, Mr. Rabuka today sought to play down his remarks telling a half-empty parliament that he was not attacking any community in particular and that he was not saying he would stage another coup. However, he repeated that no one could guarantee what might happen in the future.

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